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POSITION OF OVERSEAS CHINESE IN SOUTHEAST ASIA

DEPARTMENT OF STATE

Office of Intelligence Research

Prepared by
Division of Research for Far East
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THIS IS AN INTELLIGENCE REPORT AND NOT A STATEMENT OF DEPARTMENTAL POLICY

~~CONFIDENTIAL~~

NOTE

The reader is asked to note that this report analyzes material only through February 10, 1957. Subsequent developments have materially altered the picture in Cambodia (with respect to Communist penetration and to official concern about the problem of subversion) and in Vietnam (with respect to the government program of forced nationalization of Chinese).

This report is based on information available through February 10, 1957.

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Abstract

As the Chinese form the largest minority groups and play important roles in the economies of almost every Southeast Asian country, their presence and activities create serious problems for governments in this area. In recent years these problems have been augmented by the struggle between the National Government of China and the Chinese Communist regime for the loyalty of the Overseas Chinese.

Assimilation of the Chinese generally is regarded by these Southeast Asian countries as the ultimate solution to this minority problem. Pressure to deal with the Chinese by other means -- segregation, expulsion, or extermination -- virtually does not exist. Few measures have been taken by Southeast Asian governments until the present, however, to stimulate assimilation. Those which have been taken, such as the restrictions on Chinese-language education in Thailand, the Retail Trade Act of 1954 in the Philippines, and the attempts to abolish dual citizenship in Indonesia, have not usually been adopted as part of a comprehensive assimilation program. Rather, they often appear as devices to off-set Overseas Chinese economic power or restrict their potential as subversives.

For the Overseas Chinese themselves, assimilation with the indigenous populations frequently is regarded as an alternative to reliance on either the National Government of China or the Communist regime in Peiping and not as a desirable objective in itself. The Chinese generally consider themselves culturally superior to the indigenous populations and have sought to preserve their traditional way of life through private Chinese schools and commercial and other associations. They do not apologize for their superior economic position and interpret local resentment to the hold they have over commercial life as arising from laziness and envy.

The Chinese who reject assimilation, and these still form the majority throughout Southeast Asia, are also generally uncommitted to either Taipei or Peiping because of the weakness of the former and the unattractive nature of the latter. There are, however, organized minorities partisan to one regime or the other. In recent years the pro-Communist factions have gained strength because of the growing prestige of Communist China in Southeast Asia. There is a possibility, however, that this trend will be counteracted to some extent by the recent socialization measures in Communist China and the world-wide Communist adoption of soft tactics which, by diminishing the specter of overt Communist aggression in Southeast Asia, may reduce the importance of fear as a motive for Overseas Chinese accommodation to Peiping.

The extent of Chinese Communist influence over the Overseas Chinese is in part dependent upon the policies of the Southeast Asian governments. In instances where they follow courses which generally permit the further growth of Communism, this growth can be observed in the Overseas Chinese communities as well. But in countries where Communist infiltration is recognized and dealt with toughly, Overseas Chinese appear less apt to develop a commitment to Communist China.

I. INTRODUCTION

There are more than 10,000,000 Overseas Chinese in Southeast Asia. In most countries of the area, except Singapore, Overseas Chinese are a minority, ranging from 1.5 percent of the total population in Burma and Laos to 37.8 percent in the Federation of Malaya. But even in countries where the Overseas Chinese are a small minority they are influential economically. By comparison with average indigenous inhabitants, Overseas Chinese almost invariably are rich. They also actively preserve Chinese cultural traditions; their superior economic status has enabled them to maintain private schools where the Chinese language and Chinese historical traditions are perpetuated. The separate school system has set Overseas Chinese still further apart from the indigenous inhabitants. These economic and cultural considerations are causes of the general unpopularity of the Overseas Chinese among the indigenous populations and have obstructed their adjustment to the social and political environment in the countries of Southeast Asia. Although the degree of maladjustment differs widely from country to country everywhere it is of serious dimensions.

An additional complication derives from the fact that Overseas Chinese in recent years have been an object of competition between the Government of the Republic of China (GRC) and the Chinese Communist regime. Both Peiping and Taipei are trying to attract the loyalty and influence the political views of the Overseas Chinese. Because of the impression of power deriving from their control over the mainland their alleged military prowess, and because of their diplomatic offensive in Southeast Asia and for various other reasons, the Chinese Communists have held the initiative in this competition with the GRC. (See Appendix C, "Chinese Communist Policies Toward Overseas Chinese," and Appendix D, "Policies of the Government of the Republic of China Toward the Overseas Chinese.")

It is difficult in many cases to draw a line between assimilated Chinese and "ethnic" Chinese -- persons of Chinese ancestry who consider themselves Chinese by language, culture, and family and are so regarded by the indigenous population of the country in which they live. This, together with the general lack of accurate statistics, makes it difficult to calculate the number of ethnic Chinese in Southeast Asian countries. Following are the most recent rough estimates of the numbers of ethnic Chinese and their percentages of the total populations in the several countries of Southeast Asia:

Country	Numbers	Percent of total population
Thailand	3,000,000	15.1
Indonesia	2,500,000	3.1
Federation of Malaya	2,216,000	37.8
Singapore	893,000	76.5
Vietnam (South)	830,000	6.7
Burma	300,000	1.5
The Philippines	300,000	1.4
British Borneo	261,000	29.0
Cambodia	250,000	5.5
Laos	30,000	1.5

The total ethnic Chinese population in Southeast Asia, therefore, exceeds 10,000,000.

The most strenuous efforts to promote assimilation have been made by governments in the countries where the percentage of Chinese to the total population is greatest. "Malayanization" since 1948 has been the principal feature of policies followed by British colonial authorities in dealing with Overseas Chinese under their jurisdiction. Intensive efforts have also been made to encourage assimilation in Thailand and Vietnam.

It unfortunately is not possible to assess the success of the British-sponsored assimilation policies in Malaya and other areas under or formerly under British control. British rule has come or apparently is coming to an end before sufficient time has passed to determine whether the ethnic Chinese in these areas would gradually lose their characteristics as Chinese after large-scale immigration had been cut off. In Thailand, however, the assimilation policies appear to be relatively successful.

The methods employed by the Thais to encourage assimilation are restrictions on the use of the Chinese language in education and discouraging the retention of alien citizenship status. Other countries in Southeast Asia are beginning to show interest in these methods. In South Vietnam, the government has undertaken within the past year a broad program to force the assimilation of the Chinese minority. It has issued decrees which confer Vietnamese citizenship on all Chinese born in Vietnam in the past or future, exclude foreigners from those occupations most frequently followed by Chinese, restrict the use of the Chinese language in education and commerce, and place other limitations on the rights of foreign nationals in Vietnam.

If there is a conclusion which can be drawn from past experience it is that, when the Overseas Chinese become a serious minority problem for their host country either through increase of numbers or concentration in certain geographical areas or economic fields of activity, the solution for the host country seems to lie in measures directed against the organized propagation of Chinese culture or the retention of Chinese citizenship.

Inasmuch as it is not a practical possibility for Southeast Asian governments to interfere with the transmission of cultural traditions through family channels, the method of desinicization must be confined to education: to restriction on the use of Chinese as a language of instruction in schools or to blocking the re-entry of students who have gone abroad for higher education in Chinese schools.

There has been much interest in the citizenship issue since Chou En-lai indicated to Nehru, during the former's visit to India in June 1954, that Communist China was prepared to alter its approach to dual nationality. Since 1909, when the former Imperial Government of China enacted a nationality act, Chinese governments have traditionally regarded all persons abroad of Chinese racial origin, regardless of their status in the countries of residence, as Chinese citizens. Southeast Asian countries which have Chinese ethnic minorities believe that this Chinese concept of dual nationality divides the loyalty of Overseas Chinese and encourages them to evade any unpleasant consequences of their emigration abroad. It does appear to be true that where Chinese diplomatic or consular representation exists, whether Nationalist or Communist, it tends to concern itself -- often improperly -- with the affairs of the Chinese minority which are by local standards domestic political matters.

For the newly independent Southeast Asian countries the dual citizenship question is possibly more pressing than for a country like Thailand. Some elements of the Chinese minority in Indonesia, for example, formerly showed signs of assimilation within the Dutch-dominated urban civilization in Indonesia. With the withdrawal of Dutch rule, Chinese in Indonesia find their acquired Dutch habits a liability and yet, when faced with a reappraisal of Indonesian civilization, they are apt to compare it unfavorably with their ancestral Chinese civilization. This had led, in some cases, to a revival of interest in China on the part of some Chinese who formerly were considered well-advanced along the road of assimilation.

The Chinese Communists, in any event, appear to be willing to modify their position on dual citizenship in exchange for improved diplomatic relations with Southeast Asian countries and a still tighter grip on those Overseas Chinese who, faced with a choice of Communist Chinese or another citizenship, choose Chinese.

Overseas Chinese, who live in countries that recognize Communist China and who do not wish to be classified as Communist Chinese citizens, may eventually be encouraged thereby to assimilate more rapidly or to accept the other alternative, uncertain status as stateless persons.

In the future it is likely that there will be considerable friction between the Overseas Chinese and the governments of the countries where they live as those governments carry out measures designed to force the pace of assimilation. Whether or not Overseas Chinese will be driven to seek Chinese Communist protection as a reaction to these measures depends on a complex of factors which include: 1) their opinions of Communist China and Nationalist China; 2) their economic status as individuals, and 3) the manner in which assimilation measures are carried out. Orientation of Overseas Chinese toward the non-Communist countries during this period can be encouraged by the Southeast Asian countries themselves by pursuing general policies which check the growth of Communism, and executing their assimilation policies honestly -- in a spirit of integration and mutual advantage rather than in a spirit of discrimination and exploitation. In this latter connection it would help if Southeast Asians came to look upon rich Chinese as useful accumulators of capital and not as parasites who are siphoning off the national wealth.

Barring a sudden upsurge of Chinese Communist power in Southeast Asia or a change in Nationalist China's international position, the attitudes of Overseas Chinese toward Nationalist China and Communist China are not expected to change in any important degree during the next four years. Resistance to Communist influence, therefore, will be determined largely by local conditions which vary widely from one country to another in Southeast Asia.

II. INDONESIA

A. Popular Attitude toward Chinese Minority

There are approximately 2,500,000 Overseas Chinese in Indonesia who constitute approximately three percent of the population. Although the Chinese are not numerous in relation to the total population, their concentration in urban areas, the immense size of their ancestral homeland -- China, their ubiquity in commercial transactions, their lack of interest in Islam -- the religion of 90 percent of the Indonesians -- and their Chinese language education set them apart from the rest of the population and from the other minorities.

1. Overseas Chinese Economic and Political Influence. A majority of retail trade in Indonesia is carried on by Chinese. In recent years an increasing share of import-export trade has been taken over from retiring Dutch and other foreign interests by Chinese. Likewise the Chinese have been entering the fields of industry and, to a lesser extent, estate agriculture. Under a law passed by the former Dutch colonial government, Chinese could not own rice fields and other nonurban land and this law has, in practice, been observed by the present Indonesian Government. However, the law does not affect Chinese acquisition of long-term leases over estate lands.

Among indigenous Indonesians the view is general that Chinese are rich, usurious, and in the process of acquiring control over the national economy. Indonesians, however, have grown to rely on the Chinese to perform certain economic functions. There is little disposition on the part of Indonesians themselves to establish shops, and consumption habits are such among successful Indonesian businessmen that little capital is accumulated. Government regulations adopted in recent years to give indigenous Indonesians a favored position in the import-export business have resulted in the tendency for Indonesians to become front men; they obtain the licenses and contract for a percentage of the profits and then turn the business over to Chinese or other foreigners. The popular attitude toward the economic influence of the Chinese, then, is not one of simple envy or distrust but is mixed with some appreciation that Chinese perform tasks for which Indonesians are not naturally endowed or are not as yet trained.

The Chinese as a community do not wield much political influence although it is widely believed that they are able to use bribes to obtain special favors and to circumvent inexperienced or lazy bureaucrats. Under Dutch rule the Chinese were at times used as middle men for functions, such as collecting taxes and providing rural credit, which tended to place barriers between the Chinese and the Indonesians. During the post-World War II period when Indonesia was struggling for its independence, the majority of the Chinese favored the continuation of Dutch

rule. Since the Communist conquest of the Chinese mainland, however, fear that Overseas Chinese might be used as a channel for Chinese Communist penetration has replaced the Chinese reputation for being pro-Dutch as the main motive for suspicion of the Chinese.

No large or conspicuous political party represents the interests of the Chinese who have achieved some degree of assimilation. There is one pro-Communist political party composed largely of Chinese, called Baperki, but it has failed to win a large following. In fact, Chinese support is fairly widely dispersed among all Indonesian political parties thus deflecting suspicion that any particular party is the servant of Chinese interests in Indonesia. Anti-Communist Indonesians assume, however, that the Indonesian Communist Party has close ties with and is supported by the Chinese Communists.

Among the unassimilated Chinese, support for Nationalist and Communist China is roughly equally divided. Indonesians believe that both the Kuomintang and Chinese Communist Party are powerful and active among the Overseas Chinese and regard membership in either of these parties as inadmissable activity on Indonesian soil. On the other hand, Chinese support for Indonesian political parties is welcomed.

2. Social Position. In one sense the Overseas Chinese are the middle class of Indonesian society. They control a large part of the negotiable wealth, dominate commerce, are active in industry, and provide a significant percentage of the professional services. Assimilated Chinese are to be found in all levels of the civil service, in Parliament, and even in the diplomatic service. Formerly, Indonesian-born Chinese have sat in the Cabinet.

The majority of Chinese, who are not assimilated, tend to live apart in "China towns" in the cities of Indonesia. This segregation, differences in religion, and the retention of Chinese cultural interests tend to keep them apart socially from the Indonesians. There are, however, no legal or other governmentally-imposed barriers to social integration.

B. Governmental Attitude toward Chinese Minority

The Indonesian Government lacks a conscious and comprehensive policy for dealing with the Overseas Chinese. There is general agreement among most of the political parties that the Chinese should be encouraged to assimilate, and uncoordinated measures have already been taken to bring this about. Since the majority of the Chinese are unassimilated, the Indonesian Government is searching for means to distinguish between those Chinese who can be considered loyal to Indonesia and those who are not, as well as means to control the

alien-minded Chinese. Indonesian politicians privately are giving attention to Thailand's practices in controlling Chinese schools and to Philippine efforts, in the Philippine Retail Trade legislation of 1954, to curb Chinese economic influence.

1. Assimilation Potential. As in other areas of Southeast Asia, the Chinese in Indonesia have in general resisted assimilation. There has been some intermarriage between Indonesian women and Chinese men, but in these cases the family unit retains its Chinese identification and maintains Chinese customs although some Indonesian customs are adopted and the Indonesian language spoken. In some instances, Indonesian men have married Chinese women, particularly where the women come from wealthy, partly assimilated families. The first type of marriage, formerly practiced on a large scale, has been much less frequent since the former Dutch regime permitted immigration of Chinese women, which eventually led to approximately the same number of males and females among the Chinese. The second type of marriage still occurs and may even be increasing. Chinese language schools have increased during the last generation, a development which has reinforced Chinese cultural traditions. This trend and the decline of intermarriage have caused previous forces encouraging assimilation to undergo a certain amount of atrophy and to keep the Chinese apart from the rest of the population. Another barrier is religion. Christianity is continuing to grow among the Chinese while it has been estimated that only 10,000 of the 2,500,000 Chinese in Indonesia are believers of Islam, the major religion of the Indonesians. This probably accounts in part for the lack of fraternal feelings among Indonesians for Chinese and explains their attitude toward Arabs, who have a reputation for even greater rapacity in business than the Chinese but who are nevertheless regarded as closer to indigenous Indonesians.

2. Participation in Political Activities. There are no significant inhibitions on participation by assimilated Chinese in Indonesian politics although most of the parties would probably attempt to restrict Chinese membership if it became excessive. In 1953 the Indonesian Communist Party restricted its membership to Indonesian citizens as part of a program believed to be aimed at avoiding identification with the Chinese. The Chinese minority is guaranteed at least nine seats in the Indonesian Parliament under the provisional Constitution of 1950, with the government empowered to appoint additional Indonesian citizens of Chinese nationality to Parliament if not enough are chosen in elections. However, nine Chinese were chosen in the elections of 1955, and it was unnecessary to use the government's appointive powers.

3. Role in Civil Service, Police, and Armed Forces. The Indonesian Government makes no effort to prevent the Chinese from holding government positions. Indonesian Chinese serve in technical positions and, to a still smaller degree, in policy positions in most of the ministries and

in the national police. There are few in the administrations of the provinces and almost none in the lower governmental levels. Very few Chinese serve in the armed forces.

4. Status of Chinese Organizations. Traditional occupational organizations and trade guilds usually found in Chinese communities are also present in Indonesia and operate with little interference from the government. There is, in fact, some reason to believe that the leading Chinese organizations are used by the government as channels of communication to the Chinese minority as was the case under the Dutch.

Chinese regional and dialect organizations, as well as Chinese Chambers of Commerce, are found at all levels from villages to provinces. Most of the Chinese regional associations, commercial and trade organizations, schools, and other institutions in each community belong to a Tsung Hui in that locality. Coordination of the local Tsung Hui is provided by the Chung Hua Tsung Hui (Federation of Chinese Associations) in Djakarta which is the supreme organization of the Chinese community in most cities.

Since the establishment of the Communist regime in Mainland China the political split within the Chinese community has greatly weakened the Chung Hua Tsung Hui. In cases where the pro-Nationalist China element has generally retained control, rival organizations often were formed. An example is the Communist-dominated Chung Hua Chiao Tuan Tsung Hui (Federation of Overseas Chinese Affiliated Associations) in Djakarta.

Most Chinese labor unions are affiliated with the Sentral Organisasi Buruh Seluruh Indonesia (All Indonesia Central Labor Organization -- SOBSI), the Communist-dominated major labor union federation. There is no information on the activities of secret societies.

5. Policies toward Chinese Education. The Indonesian Government until recently has left the Chinese schools to the control of the Chinese organizations which subsidize and operate them, with the exception of the very few which receive government aid. As a consequence of this laissez-faire policy, the Chinese Communists have gained effective control of a large part of the Chinese-language education in the country and are in a position to influence students to return to mainland China. Unconfirmed reports indicate that as many as 4,000 may have gone in 1953, but the number has subsequently decreased and probably was about 2,000 in 1955. Another unconfirmed report states that plans to establish a Communist-oriented Chinese college in Indonesia, with the support of Communist China, are currently under consideration.

When Chinese students wish to go to Communist China, no obstacles are placed in their way by the Indonesian Government but steps, such as confiscation of documentation giving them a claim to Indonesian citizenship and refusal to issue return visas, are taken to prevent their return.

Local Indonesian authorities have also attempted to check Communist domination of Chinese schools by administrative decisions on the control of property and equipment in cases where they have been the subject of dispute between pro-Nationalists and pro-Communists. Such assistance to the pro-Nationalist element is by no means uniform and has depended on the personal views of local officials and affected by the general political coloration of the central government in Djakarta at the time. Still, there is increasing fear at all levels of the government of the Communist inroads into Chinese schools.

Chinese students in Indonesia have the difficulty of other Chinese students in Southeast Asia in meeting the qualifications of Indonesian universities. Even then, over one-half of the students at the University of Indonesia are Chinese. There is a general lack of higher educational facilities in Indonesia. Although the government recognizes the greater demand for higher education among the comparatively rich Chinese, it is not in a position to relieve this demand until greater educational opportunities are provided for the general populace. This situation has enabled Chinese Communists to persuade a large number of students to go to mainland China for education each year. Although some Indonesian officials deplore this situation, they are also relieved to rid Indonesia of that many more Chinese students.

6. Subversion. There is increasing recognition in official circles that Overseas Chinese might be used for subversion by the Chinese Communists. There is also some fear that the pro-Nationalists might engage in activities which are detrimental to Indonesia's independent foreign policy. The national police and the army and navy, to a somewhat lesser extent, are basically anti-Communist and, together with like-minded persons in the civil service, are attempting by various means to increase their knowledge of Chinese activities in Indonesia. However, trained personnel and coordinated plans do not yet exist for dealing with this problem. Some organs of the Indonesian Government have in recent years followed the practice of supporting pro-Chinese Nationalist organizations unofficially in order to counteract the growth of Communist influence. Until a stable, non-Communist orientation becomes well established in Indonesian politics, however, the vulnerability to Communist penetration will remain great.

C. Legal Status

The legal status of Chinese in Indonesia has been complicated by the conflicting claims of two governments regarding the citizenship of these people. In 1909 China promulgated a law which adopted the principle of jus sanguinis in determining nationality of its subjects; thus, all children born of Chinese fathers in China or abroad were regarded by China as Chinese citizens. The following year the Netherlands Indies adopted

a law stating that any person born in the Indies was a Dutch subject. The Indonesian Republic has followed the Dutch law with regard to persons born in Indonesia while the 1909 Chinese law is still applied.

There are also limitations on the land a Chinese can hold because of an agrarian law passed in 1870 forbidding the alienation of land to a foreigner. From 1848 to 1919 the Chinese were equated with natives and tried in native courts. After 1919 Chinese were made subject to European civil law but remained under Indonesian criminal law. Under the Indonesian Republic this system has been continued, pending the enactment of citizenship legislation and a general codification of laws.

1. Relevant Treaties. A consular convention was signed between the Netherlands and China in 1911. One clause stated that a Chinese born in Dutch territory was a Dutch subject as long as he resided there. Upon his return to China he became a Chinese subject. If he resided in a third country, he had the right to choose his status as a Chinese citizen or Dutch subject. This convention will be superceded by the Dual Nationality Agreement of 1955 if it comes into force.

The Indonesian and Peiping governments negotiated the citizenship question in late 1954 and 1955, concluding a Dual Nationality Agreement, which was signed in Bandung on April 22, 1955 (See Appendix A). This agreement provides that all persons with a claim to both Indonesian and Chinese citizenships must within two years after the ratification of the agreement reject either one citizenship or the other. The agreement was widely criticized in Indonesia: 1) by Indonesians because it preceded enactment of a citizenship bill, which was held up in Parliament at the request of the Peiping government; and 2) by Overseas Chinese because it failed to define precisely persons who were considered dual nationals or because it included no provision for the pro-Nationalist Chinese.

The Dual Nationality Agreement was supplemented by an exchange of notes between Chou En-lai and Ali Sastroamidjojo in Peiping on June 3, 1955 (See Appendix B). This exchange of notes only partially met the objections in Indonesia to the agreement. It has not yet been considered by the Indonesian Parliament and whether it will obtain sufficient votes for ratification in its present form is still a matter of uncertainty.

2. Immigration Controls. Chinese immigrants are limited to 4,000 per year. It is not known whether this quota is being exceeded to any large extent by illegal entries. Indonesian facilities for enforcing controls along the country's long coastline are grossly inadequate. The chief obstacle today to large-scale immigration to Indonesia of Chinese from the mainland is the system of tight border controls in Communist China and Peiping's apparent lack of interest at present in emigration as

a means to relieve population pressure. A certain number of refugees from Hongkong enter Indonesia each year. Most of these are non-Communist. A substantial number of Chinese, apart from students, leave Indonesia each year for mainland China or Hongkong. It is not known whether the number of those leaving exceeds that of those entering.

3. Citizenship Requirement for Ethnic Chinese. Indonesian policy regarding citizenship of foreign-born residents, or residents maintaining another nationality is still unclear. Passage of a citizenship bill which was presented to Parliament November 9, 1954, but not acted upon, would abolish dual citizenship and establish new requirements for naturalization. It is believed that the government did not attempt to secure passage of this bill because of representation by the Peiping regime which suggested, as an alternative that the dual citizenship question should be discussed by the two Governments. The negotiations which followed led to the Dual Nationality Treaty of 1955. At the present moment, there is no procedure for naturalization in force.

Until a citizenship law or the Dual Citizenship Treaty come into force the citizenship status of Chinese is determined by previous government action. Under the terms of the Round Table Agreements of 1949 transferring sovereignty from the Netherlands to Indonesia, Chinese who were Netherlands subjects automatically became Indonesian citizens unless they specifically rejected Indonesian citizenship by December 27, 1951. In 1951 the so-called "active system" was instituted requiring Chinese and other minorities to register with the government if they wished to be considered Indonesian citizens. It is estimated that 800,000 Chinese registered as Indonesian citizens. Those Chinese who did not take this step later were required to register as aliens along with other foreigners.

Those Overseas Chinese who did not wish to accept either Indonesian or Chinese Communist citizenship (pro-Nationalists) were considered stateless persons and were documented as such by the Indonesian authorities. Chinese in this category can travel abroad with stateless documentation issued to them by the Indonesian Government. In most cases persons with such documentation have been able to re-enter Indonesia. The Chinese Communist embassy has taken advantage of the government's alien registration requirement to persuade Indonesian Chinese to register with the embassy as Chinese citizens.

4. Restrictions on Property Rights. Under the Agrarian Law of 1870, Indonesians were prohibited from alienating land to other than Indonesians, thus preventing Chinese from acquiring title to land after that date. The law has been applied with equal force to Europeans and it is only within municipal and certain other special areas that foreigners may buy land today. (Large tracts of land in the past were leased to foreigners on a long-term basis; the amount of leased land has been steadily decreasing in recent years.) In practice, however, this law posed no

great problem to the Chinese moneylender who found that he could gain economic control over land through an amiable Indonesian, or that, because of the operation of the Indonesian idjon system of advances on future crops, he did not heed title to the land to make the Indonesian owner, in effect, a tenant on his own land. Chinese control of land by the latter method was lost after World War II when inflation enabled peasants to pay off their debts. Since then there has been no appreciable revival of the system. Many of the Chinese who formerly lived in the countryside have now congregated in the cities which afford greater physical security.

Indonesian independence and the acceptance of citizenship by many Chinese has raised the question of whether the Agrarian Law continues to apply to Indonesian citizens of Chinese ancestry. In actual practice, it is still applied in such a manner to exclude persons of Chinese origin from owning agricultural land.

5. Economic Role. Indonesia imposes no restrictions on Chinese who wish to engage in business, except that approximately 90 percent of the licenses to import certain goods can be issued only to Indonesian citizens. In practice Chinese who are Indonesian citizens are not given such licenses and must resort to the subterfuge of working through an indigenous Indonesian dummy to conduct this kind of business.

6. Taxation. There are no discriminatory taxes. Much less effort, however, is expended in collection of the land tax, which bears most heavily on Indonesians, than in collection of the income tax to which the Chinese and Europeans make the major contribution.

7. Alien Registration Requirements. A cumbersome and time-consuming system of alien registration was started on June 1, 1954. To complete the registration process an alien has to bring a large collection of documents including all significant personal papers, such as birth, marriage, and divorce certificates, and a letter from the Tax Office certifying payment of taxes. The penalty for non-registration on schedule was fixed at 500 rupiahs (approximately US$30 at unofficial rate of exchange), a sum more than the monthly wage of an unskilled worker.

8. Residence and Travel Restrictions. There are no special restrictions on the rights of the Chinese in regard to place of residence or movement within the country. Persons regarded as undesirable, however, such as students proceeding to the mainland for further studies, are not issued documentation permitting re-entry to Indonesia.

9. Governmental Control of Chinese Education. Although there is no central government control over Chinese schools, which are supported

and directed by the various Chinese associations (only a very few which teach the required hours of Indonesian receive governmental subsidization), the Ministry of Education has become aware of the extent of Communist infiltration in the Chinese schools and has taken certain measures to counteract it. For example, it issued several lists of prescribed books and songs which can not be used in the schools. These lists mainly cover Communist literature but during, at least, the latter part of the first Ali administration also covered certain Kuomintang publications. The ministry is considering the possibility of making Indonesian the basic medium of instruction in the Chinese schools. This plan is also receiving the informal attention of Indonesian politicians. There is no information, however, suggesting that it will be put into effect in the near future.

D. Political Orientation of Overseas Chinese

It has been estimated that of the approximetely 2,500,000 ethnic Chinese in Indonesia, one-third are loyal to the Indonesian Government and are in some stage of assimilation, one-third are loyal to Nationalist China, and one-third are loyal to Communist China. These roughly estimated figures cover crossing and simulated loyalties (in the case of Chinese professing loyalty to Indonesia) for business or personal advantages. In the opinion of many observers, the number of Overseas Chinese having fixed loyalties is relatively small, with most of them floating with the prevailing political tide. It is likely that the recent upheavals -- the Japanese war, rise of Indonesian nationalism, expulsion of the Dutch, and the Communist conquest of the Chinese mainland -- are responsible for the disinclination of the Overseas Chinese to align permanently with any one group.

1. Attitude toward Government. The majority of the Overseas Chinese in Indonesia would probably assimilate over a long period of time if a stable government were to emerge with policies promoting assimilation as part of its program. Some of these policies might be resisted by the Overseas Chinese but, if firmly and fairly executed, they would eventually be successful. In the absence of a stabilized political situation in Indonesia, the Chinese have scattered their support. The Overseas Chinese are generally law-abiding and their attitude toward the Government rises or falls with every apparent change in its stability.

2. Attitude toward Communist China. The establishment of what was regarded as a strong government in China was initially greeted with enthusiasm by most Chinese in Indonesia. Reports of Chinese Communist domestic policies, however, have considerably dampened that enthusiasm.

Chinese Communist efforts to gain influence over the Overseas Chinese have been concentrated most heavily in the Chinese primary and

and secondary schools. Strenuous efforts were also made by Communists to gain control of Chinese-owned Indonesian-language or Chinese-language newspapers and the Chinese commercial and other associations. In cases where such efforts were unsuccessful, rival papers or associations were formed. It is estimated that less than half of the presently existing Chinese newspapers and associations are under Communist control at present.

The Chinese Communists have also used their diplomatic and consular establishments in Indonesia to win adherents. Personal contact and lavish entertainment are employed to supplement doses of propaganda. The Communists have capitalized on the fear of many Chinese that all Southeast Asia will someday turn Communist and that it is therefore practical for them to establish contact with the Communists at an early stage. Another psychological pressure exerted is the suggestion that the Peiping regime alone is strong enough to protect Overseas Chinese against possible xenophobia. Finally, appeals are made to Chinese racial and cultural pride for which the Peiping regime claims to be the custodian.

3. Attitude toward Nationalist Government. The confinement of Chinese Nationalist administrative power to the small areas of Taiwan, Penghu, and the off-shore islands has greatly cut down the prestige of the Nationalist Government in the eyes of Chinese in Indonesia. These Chinese also feel that the government in Taiwan is unable to protect their interests. However, as the appreciation of actual conditions in China under Communist rule have grown, a number of Chinese have turned back to the Nationalist Government. There is widespread belief that the Nationalist Government is dependent on US support and there is some fear, even among consistent pro-Nationalists, that the Nationalist Government cannot maintain itself permanently. Overseas Chinese views on Nationalist China, moreover, are somewhat influenced by the prevailing Indonesian views. Indonesians generally regard the Nationalist Government as incapable of maintaining itself without US support and regard Chiang Kai-Shek as a discredited leader of a corrupt political system.

During the initial period of adjustment and reorganization after the Nationalist Government's removal to Taiwan, its activities among the Overseas Chinese were confined to attempts to retain support of the Chinese. There was nothing in the nature of a counterattack to Communist overtures. Since that early period there have been a number of Overseas Chinese conferences in Taiwan which have been attended by representatives of the Chinese in Indonesia. Efforts also have been made to recapture schools which have fallen under Communist domination or, in some areas, to start new schools.

The fact that the Nationalists were able to retain control of the Chung Hua Tsung Hui in Djakarta, has given their cause some prestige to

compensate for Indonesian diplomatic recognition of Communist China. Approximately one-half, or slightly more than one-half, of the regional associations are pro-Nationalist. However, it is not possible to ascertain with certainty the orientation of many associations, which veer at times toward the Nationalists, at times toward the Communists, and at other times are neutral.

The Kuomintang has regional representatives, whose status is entirely unofficial, in various centers where Chinese are concentrated. In some cases these representatives are former Nationalist consular representatives. Also employed there are former Kuomintang officials and school teachers from the mainland. The effectiveness of these representatives is very uneven. In cases where their effectiveness is low the fault often lies in a doctrinaire Kuomintang Party approach to problems or reliance on such methods of persuasion as bribery. In instances where the effectiveness of Kuomintang representatives is high, it is usually found that they have a good understanding of Indonesian nationalism and local conditions and adjust their activities to these realities.

The Nationalist psychological appeal has rested on two themes: the inhumanity and subservience of the Peiping regime to the USSR and the imminent Nationalist recapture of the mainland. The second theme has in recent years proven counterproductive and there is evidence that it is no longer being employed as extensively as before.

III. THAILAND

A. Popular Attitude toward Chinese Minority

1. Overseas Chinese Economic and Political Influence. The Chinese minority of approximately 3,000,000 in Thailand's total population of 19,900,000 has a dominant economic position, virtual control of retail trade, a major share of the import-export business, ownership and operation of about 80 percent of the rice mills, and is prominent in numerous other trades and crafts. It is natural, therefore, that the Thais would not only resent, but fear, this all-pervading economic influence of the Chinese, who are potentially capable of paralyzing the Thai economy should they ever become an instrument of an enemy power. Although there is no violent conflict between the Thai people and the Chinese minority, there is a definite lack of cordiality on both sides, and the repressive steps taken by the government against the Chinese undoubtedly meet with the full approval of the majority of Thais. The Chinese in Thailand have themselves done little to overcome Thai prejudice and have in many ways fostered it by their feeling of superiority to the Thai and their adherence to their Chinese clannishness, customs, and culture.

Politically, activities of the Chinese minority are limited to the rivalry between Communist and Nationalist factions. Little attempt is made to influence Thai politics, except to gain economic advantage or to ameliorate treatment of the Chinese themselves. These attempts probably affect Thai politics only indirectly.

Because Communism has been illegal in Thailand since 1952, the political conflict between Communists and anti-Communists in the Chinese community is largely underground and has little effect on Thai popular attitudes toward the Chinese minority.

2. Social Position. It is difficult to make accurate generalizations about the social position of the Chinese minority in Thailand. For the vast majority of the ethnic Chinese, the Thai people have a certain amount of contempt, looking upon them as greedy materialists who devote all their energies to money-making. The Chinese, on their part, look upon the Thais as lazy, not too bright, and lacking in ambition. There is little social contact between the two.

As a result of considerable intermarriage, which occurred primarily before 1920, a large proportion of Thais (including Premier Phibun himself) are part Chinese. The majority of these, however, consider themselves Thais, and in their desire to avoid any accusations of being pro-Chinese are sometimes more anti-Chinese than the pure Thais. Wealthy Chinese and leaders in the Chinese community, while not ostracized socially, are extended a somewhat limited degree of respect and friendliness.

B. Governmental Attitude toward Chinese Minority

The Thai Government is faced with a serious problem in the treatment of the Overseas Chinese question. In line with its nationalistic policy, and because of its fear of the economic power of the Chinese minority, it has in recent years passed laws drastically restricting immigration, limiting the number of occupations open to Chinese, limiting the scope of Chinese commercial activities, cutting down the number and autonomy of the Chinese schools, and raising the alien registration fees to a figure prohibitive for many of the poorer Chinese.

Such legislation has a tendency to increase Chinese resentment against the Thai and to intensify emotional barriers to assimilation of the Chinese. It also increases the resentment of the Thailand Chinese against the Nationalist Chinese Embassy for not protecting their rights more forcefully. Thus, they may become more prone to listen to the propaganda of the Communist Chinese who, they are made to believe, could better defend them against discriminatory treatment by the Thais. Although the alien registration and naturalization fees were halved during 1956, they are still a heavy burden for most Chinese, and their reduction does not affect the traditional "tea money" demanded by Thai officials.

1. Assimilation Potential. Because of the limited migration of Chinese women to Thailand prior to 1910 the majority of marriages of Chinese men in Thailand were of necessity with Thai women. Although in such marriages Chinese influence usually was predominant in the first generation, by the third generation the children generally had become assimilated and considered themselves Thai. This situation changed after 1920 with the increased number of women immigrants and the growing sentiments of nationalism on the part of both the Chinese minority and the Thai Government. After 1920 the number of Chinese schools in Thailand increased and an active Chinese press was established.

Assimilation of the Chinese population has been retarded in recent years because of the conflicting pressures applied by the Chinese Communists, on the one hand, and the Chinese Nationalists, on the other hand, to secure the support of the oversees Chinese and because of the increasingly nationalistic policies of the Thai Government. The Thai Government has taken the attitude that discriminatory measures against such a large, energetic, and economically powerful minority are necessary. The factors which now inhibit assimilation are likely to remain operative for the foreseeable future.

2. Participation in Local Political Activities. The Chinese community is generally nonpolitical so far as Thai domestic political life is concerned. There is no Chinese political organization which acts as a

pressure group in Thai politics. The Chinese Chamber of Commerce, however, in conjunction with the seven large "dialect" organizations participate unofficially with the Thai Government on problems affecting the Chinese community.

3. Role in Civil Service, Police, and Armed Forces. There are no Chinese in important positions. Chinese are employed by the police and other governmental departments only in minor positions such as clerks and interpreters.

4. Status of Chinese Organizations. The most powerful Chinese organizations in Thailand are the chambers of commerce. The Chinese Chamber of Commerce of Thailand, founded in 1911, is by far the largest with almost 3,000 members, including both firms and individuals. This organization serves as a liaison agency between the Chinese community and the Thai Government and is the spokesman for the Chinese community on such issues as restrictions of immigration, residence, education, and trade. The membership of the Chinese Chamber of Commerce includes both pro-Kuomintang and pro-Communist cliques as well as many political fencesitters. The pro-Kuomintang leaders are currently in control.

The second most powerful group of Chinese or Chinese-dominated organizations in Thailand is the labor unions. The Chinese minority has been a prime mover in the labor movement in Thailand and it dominates the membership of Thailand's largest labor federation, the Central Labor Union. This organization, which includes rice mill workers and stevedores unions, was Communist-dominated; the Chinese Communists have been exerting considerable effort in a bid for control of all Chinese labor activities in Thailand. The Central Labor Union is now outlawed by the government, but its organizational apparatus may still exist underground as a nucleus for subversive activity. Labor unions have a potentially greater subversive capability than any other single group, and, consequently, the Thai Government is quite apprehensive about organized labor, particularly in view of the Chinese Communist influence in the CLU. The Thai Government loses no opportunity to label the Chinese-dominated unions "Communist."

Another type of organization among the Chinese minority is the so-called "dialect association," formed on the basis of place of origin in China. The importance of the dialect associations as social institutions stems partly from the lack of intelligibility among the various dialects spoken by the Chinese in Thailand but primarily from their emotional attachment to their ancestral homes. There are seven such leading regional associations in Bangkok and they represent, among them, a cross section of the Chinese community of the city. Their activities include the operation or support of schools and hospitals, maintenance of cemeteries, settlement of disputes, and liaison with the Thai Government. These associations are as follows:

Ch'ao Chou Fui Kuan (the Teochiu of Swatow Association), the largest dialect association, with 7,000 members; pro-Communist, although control is being contested by a large pro-Kuomintang faction.

K'e Chu Tsung Hui (the Hakka Association), mildly pro-Kuomintang.

Hainan Hui Kuan (the Hainan Association), pro-Kuomintang.

Kwang Chao Hui Kuan (the Cantonese Association), mildly pro-Kuomintang.

Taiwan Hui Kuan (the Taiwan Association), pro-Kuomintang.

Fu Chien Hui Kuan (the Hokkien Association) apparently politically neutral.

Chiang Che Hui Kuan (the Kiangsu-Chekiang Association composed largely of Chinese from Shanghai and Ningpo), political affiliation unknown.

There are in addition, many smaller organizations whose memberships are based on origin from a particular locality in China.

Other organizations among the Chinese include secret societies and trade and craft guilds. Little information is available concerning the secret societies. Since political organizations among the Chinese and all other minorities are prohibited by the Thai Government, the secret societies probably serve a useful function to the Chinese. The Thai Government has been trying since 1897 to suppress the secret societies but without great success. It is known that Chinese trade and craft guilds, with their system of apprenticeship and price-fixing powers, have been transplanted to Thailand but data on their activities are scanty. Welfare organizations are of some importance. The most influential of these, the Pao Te Shan T'ang, is similar to the Red Cross or Community Chest; it is Communist-dominated and is probably one of the most effective instruments for spreading Communist influence.

5. Policies Toward Chinese Education. The Thai Government's determination to preserve Thai culture and, more recently, to eliminate Communist influence, lies behind the progressive restrictions of Chinese education. The government's efforts have produced a continual struggle between it and Chinese educational and community leaders, who try to evade the increasingly restrictive measures. Establishment of compulsory primary education (by 1920) in schools licensed by the Thai Government, and a requirement for a minimum number of hours of instruction in Thai language comprised the first major step. Progressive limitations on instruction in Chinese now permit only 5½ hours per week of Chinese

language and 2 hours of history or geography which may be conducted in the Chinese language. Teachers in Chinese schools must pass proficiency tests in the Thai language, and owners and principals of schools for Chinese must be Thai citizens.

Since World War II, the restrictions placed on Chinese instruction have become more severe. Many schools have been closed for violation of regulations or failure to secure licenses. Between 1945 and 1948 all Chinese secondary schools were closed, and in 1952 the remaining elementary schools (approximately 300) were subjected to a series of new nationalistic restrictions banning celebration of Chinese holidays, requiring standerdization of textbooks and conformity of curricula in certain grades to those in Thai schools, and proscribing Chinese music. As a result, the Chinese schools in Thailand are now the equivalent of Thai schools offering some instruction in Chinese language rather than the earlier type of institution run for and by the Chinese community. The banning of Chinese middle schools gave rise to "guerrilla night schools," which are clandestinely run to provide higher than elementary education for Chinese students. Although several of these schools have been closed by the Thai Government, they are difficult to ferret out because of their clandestine nature and provide ready-made channels for possible Communist infiltration and subversive activities.

Lack of interest on the part of the Chinese community in providing adequate school facilities has combined with the government restrictions to bring Chinese schooling in Thailand to a state described by a competent observer as "markedly inferior to most of its southeast Asian counterparts." This observer also points out that lack of assistance from the Chinese Nationalist Embassy and inadequately prepared teachers contribute to the poor state of the Chinese schools.

Approximately 3,500 persons of student age left Thailand for mainland China between 1950 and 1954; the number dropped in 1955, but in 1956 some 1100 students are thought to have been included in two large groups of Chinese that sailed for the mainland in August and September. None of the students can legally return to Thailand, but there have been reports that a few have done so illegally.

A few students go to Taiwan for higher study, but since the facilities there are limited in capacity, and cover only the college level, the numbers are necessarily very low.

C. Legal Status

1. Relevant Sino-Thai Treaties. Although there have been Chinese resident in Thailand for over 700 years, there had never been a treaty between China and Thailand nor had there been an exchange of diplomatic

representatives until January 23, 1946, when Thailand and the Chinese Republic negotiated a Treaty of Amity. This treaty formed the basis of all subsequent relations between the two countries, and permitted the Chinese Government, at least temporarily, to increase greatly its influence among the Chinese residents of Thailand through the Chinese Embassy in Bangkok which engaged in much extradiplomatic activity in the Chinese community.

2. Immigration Controls. Until 1947, aliens were permitted to enter and leave Thailand at will. In that year, the government's long-standing fear of alien (primarily Chinese) economic domination was translated into legislation which imposed an annual immigration quota, first set at 10,000 per year. That figure was perhaps designed to reflect the provision of the 1946 Sino-Thai Treaty of Amity which stipulated that subsequent immigration controls should take account of the number of persons of different nationalities already resident in each of the countries. In 1949, the quota was drastically reduced to 200 per year, and this quota has since been maintained (no immigrants from Communist China are allowed). It is likely, however, that actual immigration exceeds this quota, and that many Chinese immigrants enter Thailand illegally, remaining with either illegal identification papers or none.

3. Citizenship Requirements for Ethnic Chinese. The 1953 amendments to the Nationality Act of 1952 indicate clearly the intention of the Thai Government to restrain Chinese aliens from becoming Thai citizens, particularly by limiting the opportunities for naturalization of persons of mixed parentage. As a result of these amendments, Thai citizenship is denied to persons born in Thailand of mixed parentage unless one of the parents is a full-blooded Thai. This represents an exception to the principle of jus soli, since under previous laws any person born in Thailand was considered a Thai citizen at birth. Another amendment, undoubtedly designed to eliminate dual citizenship, is also specifically aimed at the Chinese: "When a person born of an alien father who has acquired Thai nationality by reason of being born in the Kingdom takes out an identity card under the law governing alien registration, he loses his Thai nationality regardless of whether or not such identity card has been issued before or after the date of enforcing this act." Finally, provisions of the 1952 Nationality Act give administrative officials considerable latitude in judging the qualifications of applications for naturalization. The law stipulates, for example that applicants must have such knowledge of the Thai language as ministerial regulations may prescribe -- an obvious opportunity for arbitrary administrative interpretation. The naturalization fee of 4,000 baht (approximately US$200) automatically excludes the majority of Chinese.

In actuality, "squeeze" approximately doubles this cost. That this type of extortion is an accepted fact is evidenced by the recent statement of a Thai police official that all concerned with the naturalization process would be instructed not to charge the Chinese more than the legal fee!

4. Restrictions on Property Rights. A law relating to alien landownership, promulgated in 1943, provides that nationals of a treaty power may own land in Thailand for almost any purpose -- residential, commercial, industrial, agricultural, charitable, or religious. But this law imposed limits to the acreage an alien may own for each type of utilization; and legislation drafted in March 1954 provided further restrictions, setting the following limits:

residential	5 rai	(2 acres)
commercial	5 rai	(2 acres)
industrial	10 rai	(4 acres)
agricultural	20 rai	(8 acres)
religious	5 rai	(2 acres)
charitable	10 rai	(4 acres)

Under the terms of the 1946 Sino-Thai Treaty of Amity, the rights Chinese nationals had already acquired, in accordance with the laws and regulations of the territory, at the coming into force of the Treaty shall be respected. Thus, under the terms of the 1946 treaty, Chinese, subject to reciprocity, may acquire, inherit, possess, lease, occupy, and dispose of any kind of movable property, on a most-favored-nation basis, in accordance with the laws and regulations of the country.

5. Economic Role. The Chinese population virtually controls Thailand's retail trade, has a major share of the Bangkok-centered import-export business, owns and operates about 80 percent of Thailand's rice mills, and is prominent in the fishing, timber, and pig-breeding industries as well as numerous other less important trades and crafts.

This domination of Thai trade and commerce by an alien group has caused much concern in Thai Government circles and beginning about 1932 the government took steps to break the Chinese monopoly by enacting a series of restrictive decrees which reserved various key occupations to Thai nationals, required a certain percentage of workers in others to be Thai citizens, and set up government-owned companies to compete with the Chinese.

The major instrument in this attempt to break the Chinese hold on the Thai economy was a series of restrictive laws limiting the occupations in which aliens could participate. The body of legislation setting up these limitations is complex and available information is incomplete, but it is known that there were at least three major decrees, passed in 1941,

1949, and 1951, reserving certain trades to Thai citizens. It is not clear whether the later decrees replaced or merely amended the earlier ones but it appears that at least the following professions are reserved to Thai citizens; rice farming (except in ditches and market gardens), salt farming, lacquer work, noillo work, operation of pedicabs and public motor conveyances, haircutting and permanent waving, owning of Thai language printing equipment and setting of Thai language type, umbrella making, selling gowns and robes for priests, making or casting images of Buddha, and tapping of local resin used for caulking boat seams.

In addition to these laws, the Thai Government has made other restrictive moves in its attempts to block or displace the Chinese in Thai economy. In 1939 a government-sponsored Thai Rice Company was established for the express purpose of eliminating the Chinese as rice millers, middle-men, and exporters; since World War II, controls have been placed on rice exports; government-sponsored organizations have been authorized to enter the field of retail trade and to participate in selected industries; and the government has expanded its commercial activities and encouraged Thai nationals to do likewise.

The enforcement of these restrictive measures, however, has frequently been lax, reducing the intended impact on the position of the Chinese in the country's economic life. In addition, restrictions on occupations have not affected those activities which are the main economic base of the Chinese community, and, in cases where the restrictions or obstructions did bother the Chinese, ways were quickly found to circumvent the regulations.

One consequence of Thai restrictive measures has been that service costs have been raised because of the lack of the Thai replacements in reserved occupations and the generally lower efficiency of Thai workers. Thai consumers have become dissatisfied, and the Chinese have been irritated and disaffected.

6. Taxation. According to the 1946 treaty, Chinese in Thailand shall be subject to taxes on a basis not less favorable than the treatment accorded Thai citizens in China. In effect, the Chinese in Thailand are subject to taxation on the same basis as other aliens, including payment of such "nuisance" taxes as a levy on signboards in languages other than Thai.

7. Alien Registration Requirements. All aliens in Thailand must register, and must carry identification cards. This was no particular hardship until 1952, when the Thai Government raised the alien registration fee from the equivalent of US$1 to US$20, a sum impossible for many of the Chinese to pay. At the same time, certain formerly exempted categories, such as widows with two or more children, cripples, the very

old, and children under 12, were made subject to the fees. After many protests from the Chinese Chamber of Commerce and other organizations, the government finally restored some exemptions. Furthermore, although it had formerly been relatively easy to evade payment of the registration fee, the Thai Government during 1955 fined a number of people for not having their papers in proper order.

The registration fee has been a subject of dispute between the Chinese minority and the Thai Government end although during the past year there were many reports that the fee would be lowered, nothing definite has been done. The tax places many Chinese in an untenable position, since they cannot pay it; it also makes them prey to the unpredictability and possible arbitratriness of Thai law enforcement officers, many of whom are not above employing extortion and blackmail.

8. Residence and Travel Restrictions. Under the 1946 Treaty Chinese in Thailand enjoy freedom to travel and freedom of residence on a most-favored-nation basis. Chinese are not allowed to come into Thailand from Communist China, nor are Chinese traveling from Thailand to Communist China given re-entry permits.

9. Governmental Control of Chinese Education. See above section B 5, "Policies toward Chinese Education."

10. Subversion. The Thai Government is extremely subversion-conscious, especially where the Chinese are concerned. Fear of subversion is one of the factors behind Thai legislation restricting the numbers and activities of the Chinese in the economy of the country, and limiting the possibilities of Chinese education for Overseas Chinese youth.

The Chinese language press, although largely Nationalist-owned, has a number of Communist or pro-Communist journalists who try to inject into the newspapers as much subversive propaganda as possible while staying within the law. Of the dialect associations, the Swatow, which is the largest, is still under Communist-oriented leadership; the others are pro-Nationalist. The Communist Central Labor Union is now illegal, but it is likely to be still active underground.

Even taking into consideration the maximum possibilities of subversion, however, there seems little likelihood that, with the present strict government control over press, organizations, and movements of the Chinese, there would be any opportunity to build an underground widespread enough to be a potential fifth column. At most, any current subversive activities would appear to be long-range, and directed at achieving "softening" towards Communist China, rather than to winning recruits for the Communist cause.

D. Political Orientation

The average Chinese in Thailand is apolitical and prefers to remain uncommitted providing his life and livelihood are not in jeopardy. When he feels in need of protection against repressive legislation passed by the government, he is drawn to any power that is strong enough to defend his interests. Ideology has little to do with his decision and is, for the most part, something he does not understand.

Because of this characteristic indifference and because overt pro-Communist activities would evoke punitive action from the Thai Government, it is difficult to estimate with any accuracy the actual political leanings of the bulk of the Chinese. A large majority are probably fence-sitters, who are ready to jump to whichever side appears in a position to best promote their interests.

The past year brought some changes in relationships between the Thai Government and both the Chinese Communist regime and the Republic of China. The embargo on trade in non-strategic goods with Communist China was lifted. Thai officials at least condoned, if they had not initially encouraged, newspaper campaigns, particularly in the Chinese press, which favored trade with, and recognition of, Communist China. Several missions, including members of parliament, journalists, and buddhist priests, were allowed to visit Communist China and to praise the regime publicly. In the aggregate, these developments suggest that Thailand is adopting a more flexible attitude towards Communist China, while still retaining its close alliance with the U.S. However, the arrest of several Chinese newspapermen for pro-Communist activity indicates that the Thai Government is not relaxing enforcement of its anti-Communist act insofar as pro-Communist Chinese activities within Thailand are concerned.

Relations with Nationalist China improved during the past year, thanks largely to visits by Nationalist Chinese Foreign Minister George Yeh to Thailand and by Thai Deputy Foreign Minister Rak Panyarachun to Taipei, and to the arrival of a Nationalist Chinese Ambassador to replace an ineffective charge. The new Ambassador has apparently succeeded in gaining the support of prominent and wealthy members of the Chinese community, and has exerted every effort to impress the Chinese with Nationalist China's intent to support and assist them. The Double Tencelebration in 1956 was attended by markedly larger and more enthusiastic crowds than ever before.

It must be kept in mind, however, that gains made by the Nationalists are overt, whereas any increase in Communist influence would necessarily be difficult to discern. The softening of the Thai attitude toward Communist China may be counted a Communist gain, though it may not have been due to Communist efforts alone.

1. Attitude toward Government. In view of the Thai Government's restrictions, the attitude of the Chinese minority to the government is one of resentment and distrust, and they exert every effort to evade its laws. There is no sense of loyalty to prevent them from aiding a cause inimical to the government, providing they run no risk and their own interests are served. The Overseas Chinese who are anti-Communist, are so because they distrust Communism and feel that their future is better assured by an anti-Communist course rather than because of any loyalty or respect they may feel toward the Thai Government.

2. Attitude toward Communist China. Immediately after the Communist victory on the mainland, there was among the Overseas Chinese a wave of pro-Communist China enthusiasm, springing from pride in the fatherland rather than from any predilection toward Communism itself. Because of disillusionment with Communist methods, and the increasingly anti-Communist attitude of the Thai Government and its closer ties with the United States, the majority of the Chinese, on the surface at least, are not pro-Communist. Basically, they are probably more inclined toward a "wait and see" neutrality. Because of the discrimination shown by the Thai Government against the Chinese and their consequent desire for a strong home government to defend their rights, the Chinese would probably be attracted to whichever appears to be the stronger of the two Chinas, and the most likely to last.

Under present circumstances, when Thailand recognizes only Taipei, and has no relations with Peiping, the Communists can do little, overtly, to show the Chinese minority how far, and how well, they can fight for their interests. There is little question, however, that any failure of the Nationalist Government to help them (and the amount of backing and help they expect is extensive) probably results in their thinking that Communist China would have been more helpful to them were it able to intervene.

There is also a feeling among the businessmen and commercial entrepreneurs that trade with Communist China would bring them profits they are now losing, and Prime Minister Phibun explained the relaxation of the embargo against Communist China as being the result largely of pressure exerted by the Chinese business community.

Because overt Communist activities are illegal in Thailand, and there is no representation from Communist China in Bangkok, Communist efforts to attract and control adherents must be clandestine. Conclusions regarding their techniques must be deduced from their known tactics in other countries. The Chinese Communist Party of Thailand is reported to have between 3,000 and 4,000 members, based on estimates made before the passage of anti-Communist legislation in 1952. It is known that several Chinese journalists have Communist leanings; whether they are actually operating as agents of a Communist Party is not known. There is

also some suspicion that Communist influence exists in schools, and especially in the "illegal" night schools. A certain amount of it is evident in some dialect organizations, and probably also exists in secret societies, trade groups, and labor unions.

Before the banning of all Communist activities, the number of real adherents of Communism, according to Embassy reports, was markedly greater than those of the Kuomintang. It is probable, however, that police surveillance, combined with the reluctance of most of the Overseas Chinese to run any risks, is keeping pro-Communist activities to a minimum, as far as actual recruiting and indoctrination of followers is concerned.

3. Attitude toward Nationalist Government. Thailand does not recognize Communist China; the Chinese in Thailand have only Nationalist China to depend upon for protection. They have, however, not been pleased with what Nationalist China has been able to do for them, and are skeptical of the Nationalist Government's ability to carry on without aid and protection from the United States. Their sympathies are primarily gauged to the degree of support which they believe that Nationalist China is receiving, and will continue to receive, from the United States.

Disagreements between the Chinese Nationalist and Thai Governments over the disposal of "deportees" and "refugees," and Taipei's reluctance to accept them, have in the past exacerbated relations between the two countries, but recently a more conciliatory attitude has been displayed by both sides. The good-will mission to Taipei, led by the Vice-Minister of Foreign Affairs, received an enthusiastic "send-off" from the local Chinese community, and added somewhat to Nationalist China's stature in the eyes of the Chinese in Thailand, as did the earlier visit to Bangkok by George Yeh. Press treatment of these visits was guarded and lukewarm, however.

The Nationalist Chinese Embassy and the Chinese Chamber of Commerce are the principal agencies through which Nationalist Chinese activities are carried on. The Embassy, although established in 1946, for a variety of reasons, did not attain a high degree of efficacy, and it is the chamber rather than the Embassy which is looked upon by most of the Chinese as their liaison with the Thai Government. In the early days of its existence, the Embassy was hampered by lack of funds, by the attitude of the Chinese themselves which was at that time sympathetic to Communist China, and by the attitude of the Thai Government, which was one of tolerance rather than active cooperation. It has also, for much of the time, been staffed with incompetent personnel. Since the arrival of a new, and apparently energetic and effective Ambassador last September, the Embassy has been discharging its functions far more effectively.

The methods of proselytization used by the Nationalists, largely financed by wealthy Chinese, include: publication of propaganda through various media; supplying of subsidies and textbooks to schools; ownership of some of the Chinese newspapers (although these often take a pro-Communist line because supervision over them is not strict and some of the journalists are leftists); help to "refugees" (from the Chinese irregulars in Burma) and "deportees"; and other aid to the Chinese community, such as relief to victims of conflagrations and to leaders in the various business, labor, dialect, and other associations.

IV. FEDERATION OF MALAYA

The fact that the Chinese outnumber Malaysians in the total population of Malaya gives the Overseas Chinese problem there a special aspect. It is, in fact, the foremost problem of Malaya, and most major problems of the nation involve the Chinese.

The UK has promised the Federation independence in August 1957 and will probably concede self-government to the separate colony of Singapore in negotiations expected in March 1957. The balance among ethnic groups in the two areas is a fundamental factor in the Malayan political scene. The following table[1] shows (in thousands and as percent of total population) the composition of the population in 1955 and its estimated composition in 1969:

	Chinese		Malaysian		So. Asian		Total	
Federation	2,287	37.8	2,967	49	714	11.8	6,058	100
Singapore (est)	929	76.6	149	12.3	95	7.8	1,213	100
Total	3,216	44.2	3,116	42.8	809	11.1	7,271	100
Total 1969 (est)	5,198	44.3	5,058	43.1	1,291	11.0	11,735	100

For the present, the government of the Federation is firmly in the hands of Chief Minister Abdul Rahman and his Alliance Party. This party is a loose coalition among the United Malay Nationalist Organization (UMNO), the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC).

A. Popular Attitude toward Chinese Minority

Before World War II relations between Chinese and Malay communities, though far from cordial, were conducted amicably. Communal tension, however, increased with the Japanese occupation with which the Malays generally cooperated. The Chinese, on the other hand, organized against and fought the Japanese on every occasion. Reimposition of British authority did not restrain the rising hostility between the Malay and Chinese communities, and the two sides employed various caches of arms against each other in a series of sporadic attacks. Although peace was quickly restored, these hostilities are not forgotten.

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1. The term "Malaysian" embraces not only the Malays but also small ethnic groups who have immigrated from islands to the south. The total column includes Europeans and all others not enumerated in the first three columns.

1. Overseas Chinese Economic and Political Influence. The Chinese have a powerful economic position beside the British in industry and commerce. They dominate the retail trade and the pineapple industry. They have powerful banking and newspaper interests. They own about one-fourth of the acreage of rubber plantations, and their mines account for almost 40 percent of Malayan tin production. They contribute over half again as many wage earners to the labor force as the Malays. By comparison some 75 percent of the typically peasant Malay population are engaged in fishing and agriculture. This contrast excites both fear and envy among Malays.

In the political sphere, the Malays are angered by popular Chinese sympathy to the overwhelmingly Chinese Malayan Communist Party (MCP) as a safeguard against Malay power and by the ambivalence of the Chinese attitude toward Peiping. The prospect of British relinquishment of control of the Federation to a predominantly Malay government in August 1957 -- and the dangers and opportunities which this change will present both races -- is a highly unsettling influence which presumably contributed to race riots in Penang in January 1957. The accelerated drive against the terrorists which Rahman has said the government will launch when independence is gained may well add to intercommunal tensions.

In organized politics communal differences to a great extent have been submerged in the quest for independence. Moreover, the Chinese, who were long treated as transients by the British and have tended to be indifferent to formal political activity, are not yet sufficiently organized or well-placed in government to engage the Malays on anything near equal terms. Malay attitudes toward Chinese political influence will, however, undoubtedly become much more clearly defined after independence.

2. Social and Cultural Differences. The Malays and Chinese really form two distinct societies between which there is virtually no intermarriage. The Chinese, of whom only 22 percent were Malayan-born in 1921, are typically merchants and town-dwellers. They hold to the beliefs, customs, and national pride of the "middle kingdom" and tend to look down upon the more primitive culture of the Malay. This excites the resentment of the Malay, who is typically a peasant and devout Muslim and regards the Chinese as an alien newcomer.

B. Governmental Attitude toward Chinese Minority

British policy has always been to support the political dominance of the Malays while refraining from governmental interference in the economic realm, except to preserve certain agricultural lands for Malays. As long as the British ruled Malays, each of the two groups was content to pursue its ends in its own particular sphere -- the Chinese in the economic realm and the Malays in the political. This situation will probably change radically as the British retire and it is left to the two races

to find their own solution to issues which seriously divide them. Some of these questions, such as citizenship and land tenure, will be settled in some measure by a new constitution being drafted for ratification by the government before independence is gained in August 1957. The solution of others, notably education and the "special position of the Malays," will depend more upon the amount of political power the Chinese can develop after independence and whether the spirit of compromise of the Alliance Party lasts after independence day.

1. Assimilation Potential. There is no prospect that the Chinese in the near future can be assimilated with the Malays in a social and cultural sense. Religion, custom, and economics all militate against such a development.

The history of British policy adds to the difficulty. The British for the most part, have not restricted the immigration of the wives of Chinese living in Malaya. As a consequence the ratio of Chinese females to males has risen from less than 1 to 4 to near equality, a fact which adds to the self-sufficiency of the Chinese community. This self-sufficiency has been further encouraged by the tendency of the British to regard the Chinese as transients in Malaya. They did give British citizenship to the Anglicized Chinese residents of Penang and Malacca (the former Straits Settlements); but this kind of assimilation will cease in the new Federation when these persons will probably have to opt between British and Malay citizenship. It was only when the terrorist policy of the predominantly Chinese Malayan Communist Party created the emergency in 1948 that British authorities recognized the implications for internal security of this racial compartmentation. They then began a program of "Malayanization" of the local Chinese to orient them toward their country of residence. This has involved education, general political advancement of the population, relaxation of citizenship requirements, and encouragement of Chinese participation in the police, the armed services, and, to a slight extent, the Malayan Civil Service.

The program has inspired little enthusiasm among the Chinese. The late date at which it was begun and the unlikelihood that Malay authorities will continue the program with as much impartiality as the British do not bode well for assimilation. The best that can be hoped for over the next decade is a modus vivendi between the races which will allow the constitutional settlement of political differences and the growth of institutions conducive to racial cooperation.

2. Participation in Local Political Activities. Despite the complaints of Malayan Chinese leaders that their people are prevented from taking part in Malaya's political life commensurate with their economic and numerical strength, the Chinese have not taken as active a part as they are permitted by law. In the election for control of the Legislative Council in July 1955, it was estimated that considerably less than half the Chinese eligible to

vote chose to register. Of the 128 candidates nominated to stand for election, 19 were Chinese. Fifteen of these were elected. There are three Chinese members of the present cabinet including the Minister of Finance.

Chinese political activity may be expected to increase markedly during the transition to independence -- especially in the cities, in most of which they account for 60 percent or more of the population.

3. Role in Civil Service, Police, and Armed Forces. A portion of the regular positions in Malayan Civil Service, hitherto reserved to Malays, have been opened to Malayan Chinese, but it is reported that few have presented themselves for employment. Apart from the Malayan Civil Service, however, a large number of clerkships and positions as technicians in governmental services and in the various defense establishment headquarters are filled by Chinese. Despite recruitment campaigns aimed especially at the Malayan Chinese, only a handful of Chinese have joined either the Federation Regiment or the regular ranks of the Federation police. Chinese detectives, however, are used by the police.

4. Status of Chinese Organizations. Chinese secret societies in Malaya, whose origin is customarily traced to the arrival of the Triad Society there in the 19th century, have survived in spite of strict laws enacted in the 1880's to control them. They have recovered considerable strength as a result of the Emergency. The Malayan Communist Party has been opposed by the Hua Chi and Hung Men Societies which in 1946 had over 100,000 members in Penang and Province Wellesley alone. These societies have been opposed by the pro-Communist Chi Kang Party, also a secret society. All secret societies of the Triad family have "killer sections" for armed forays.

Malayan Chinese organizations may exist as long as they do not have connections with a foreign power. Under this regulation, in force because of the Declaration of the Malayan Emergency, both the Kuomintang and the China Democratic League are banned. Several Chinese labor organizations under Communist control were also outlawed by the emergency regulations. The government makes every effort now to encourage unions made up of members from the various racial communities, but there is no ban on Chinese unions as such and many all-Chinese unions exist in occupations monopolized by the Malayan Chinese.

5. Policies toward Chinese Education.[1] Federation authorities will have a major financial and administrative task merely in bringing educational institutions to a point where a universal and compulsory system can be sustained. Current plans require expenditure for the years 1956-61 of over

1. For university education, see Singapore.

$800,000,000 -- an annual rate of spending of approximately 25 percent of the present budget level. The problem is vastly complicated by the demands of extreme Malay groups, on the one hand, that Malay should be the language of instruction throughout this system and the existence, on the other hand, of numerous vernacular schools under Chinese management. Government policy in this sphere is the more urgent because the Chinese middle (secondary) schools may well prove to be an even more attractive target than labor organization in the acceleration of subversive activity expected to attend the transition to independence.

Until recently the Chinese schools have developed very largely at Chinese initiative with only limited support by the British, who for a long time directed most of their attention to the development of English and Malay schools. The Chinese schools generally were modeled on schools on the mainland and were staffed in good part (as many are now) by teachers born in China. Teaching was highly nationalist and propagandist in tone owing to the influence after 1911 of Consuls and other agents of the Chinese Government who usually registered and subsidized the schools. As a result of this political development, British authorities in 1920 began to aid and inspect the schools, but only to a limited extent. After World War II the government began to draw up plans for a single, national and multi-racial system of schools. In 1952, per capita grants to primary schools were replaced by a grant-in-aid scheme under which primary schools received, on satisfying inspectors that they met certain standards, roughly half of teachers' salaries. Although this evoked loud protests in the name of Chinese culture, by 1954 almost 90 percent of the pupils in Chinese schools were beneficiaries of this scheme.[1] Nevertheless, Chinese money

1. MALAYAN PRIMARY AND SECONDARY[a] SCHOOLS AND PUPILS - 1954

	English		Malay		Chinese (Kuo Yu)	
	Schools	Pupils	Schools	Pupils	Schools	Pupils
Government	109	114,578	1,618	349,483	3	223,033
Aided	84		466		913	
Unaided	162	43,907	2	100	320	28,091
Total	355	158,485[b]	2,086	349,583	1,236[c]	251,124

a. There were in 1954 47 Chinese Middle Schools (grades 7-12) in the Federation with an enrollment of about 19,000.

b. Of this total, 80,239 were Chinese, 35,260 were Indians, and 39,106 were Malays. Of the same total, 47,284 were in secondary schools.

d. Of this total, some 400 were New Village Schools, typical in that government played a large role in their foundation.

and management remained ascendant in the primary schools, and in comparison per capita grants to the 51 Chinese middle schools remain a smaller proportion of their total cost.

Against this background, the most recent proposals adopted by the Legislative Council (in May 1956) toward a national system of education has excited such debate on the education question that it has come to rival the issue of citizenship as the most explosive issue between Chinese and Malay. This has been the case even though the proposals, which were conceived in an impartial spirit by a multi-racial committee appointed by the Legislative Council, contain many explicit safeguards to Chinese culture and language, and have been approved by the MCA. The proposals, most of which have been adduced in previous reports of less authority, are as follows. The Federal inspectorate should be improved, and local educational authorities should be created to administer and control schools locally. There should be a unified service for teachers, with uniform salaries and standards for promotion. Two kinds of primary schools should exist: standard schools in which instruction will be in Malay; and ethnic schools in which instruction in other languages is permissible but in which English and Malay (the official languages of the country) must also be taught. In secondary education National Schools should be established which will have the same curriculum regardless of the language of instruction. Final examinations will be the same for all secondary schools. More than one language of instruction may be used, but a standard of achievement in Malay will be necessary for admission to any school supported even in part by public funds, and the learning of Malay and English will be compulsory in all secondary schools.

6. Subversion. Since 1948 the British have vigorously pursued a military campaign against the Communist guerrillas, an overwhelming proportion of whom are Chinese. The terrorists operate from the jungle but are supplied with food and ammunition by a widely spread support group in the Chinese community, the Min Yuen. Considerable progress has been made in limiting the terrorist activities of the guerrillas, although there are indications that they can continue their war of attrition for some time. However, it is becoming increasingly clear that they are anxious to change their tactics, and desire to come out of the jungle to infiltrate present political organizations and engage in open political agitation. Rahman has refused to negotiate with the guerrillas on any other basis than complete surrender, and seems to be firmly opposed to legalizing the outlawed Malayan Communist Party, membership in which is estimated to be 95 percent Chinese. It is open to question, however, whether he will be able to resist pressures for legalization after independence, particularly if Peiping brings diplomatic and economic influence to bear upon the new regime.

The degree of Communist penetration of the Chinese community is not believed to be large. The Malayan Chinese Association does not reflect pro-Peiping sympathies. The growing strength of Communist China and the activities of a few teachers trained in Communist China, however, have

created an atmosphere attracting teachers and students to Communism. In general, Communist subversive forces have not obtained the foothold in the Chinese schools of the Federation that they have in Singapore. There is mounting resentment against the government for its efforts to bring the Chinese schools under closer control, and the Communists are seeking to exploit this. In addition, delegations of students from the Federation have visited Singapore with the purpose of learning from the riot experience of students there. Clubs and student organizations are being formed, ostensibly for nonpolitical purposes, and there is some evidence that these groups are influenced by Communists for subversive purposes. Although the bulk of the students are not Communist sympathizers, the militant leadership is pro-Communist. The general feeling that Communism is the wave of the future seems to have discouraged any outspoken opposition to these elements.

Other areas of probable Communist influence include some guild and clan associations and secret societies. Communist terror also has apparently to a certain extent penetrated and subverted the Chinese squatters gathered in the "new villages." Up to the present the Communists have only made slight headway among labor unions, the chief advances having been in the National Union of Factory and General Workers. Communist pressure on labor may be expected to increase.

C. Legal Status of Chinese Minority

It seems almost certain that the constitution of the new Federation will attempt to preserve for the Malays the privileged position which British policy has maintained. The Alliance memorandum on the constitution, which together with the 1948 Federation Agreement between the UK and the Malay rulers will form the basis of the new constitution, contains the following section on "The Special Position of the Malays:" "While we accept that in independent Malaysia, all nationals should be accorded equal rights, privilege, and opportunities and there must not be discrimination on grounds of race or creed, we recognize the fact that the Malays are the original sons of the soil and that they have a special position arising from this fact, and also by virtue of the treaties made between the British Government and the various sovereign Malay States. The constitution should, therefore, provide that the Yang di-Pertuan Besar (the constitutional head of Malays, who will be chosen from Malay rulers of the various states) should have the special responsibility of safeguarding the special position of the Malays. In pursuance of this, the constitution should give him powers to reserve for the Malays a reasonable proportion of lands, posts in the public service, permits to engage in business or trade where such permits are restricted and controlled by law, government scholarships and such similar privileges accorded by the government; but in pursuance of his other responsibility of safeguarding the legitimate interests of the other communities, the constitution should also provide that any exercise of such powers should not in any way infringe the legitimate interests of the other communities or adversely affect or diminish the rights and opportunities at present enjoyed by them."

1. Relevant Sino-Malayan Treaties. The status of the Chinese in Malaya has never been regularized by treaty, either with the Nationalists or the Communists. In the 19th century, however, when the Malayan labor market attracted large numbers of Chinese, Chinese labor was controlled by a convention signed in 1860. This convention empowered China to appoint consuls to protect the interests of Chinese emigrants brought into Malaya for labor. Indentured labor lasted until 1914.

When the Malayan trade delegation visited Peiping in the fall of 1956, Chou En-lai made a statement on Overseas Chinese nationality which appears to follow closely the line of the 1955 Sino-Indonesian Treaty on Dual Nationality, particularly with respect to the principle of "residual" Chinese nationality, i.e. the right of a Chinese who is a national of another country to regain Chinese nationality. Chou's statement appeared to be intended mainly for propaganda and did not suggest any sincere intention to seek an early settlement of the dual nationality question.

2. Immigration Controls. Free immigration of all races into Malaya was allowed through 1929. With the promulgation of the Immigration Restriction Ordinance, however, immigration from China (as well as all other countries) into Singapore and the Federation began to decline, dropping from 195,613 males in 1929 to about 13,000 in 1931. From 1933 until World War II, under the Aliens Ordinance, quotas varied from year to year. Since the proclamation of the Emergency, immigration from China has been confined to wives and young children of Chinese already resident in Malaya. Travel to and from Communist areas is controlled by the requirement that a resident of Malaya who leaves the country must obtain a reentry permit at the time of his departure. From 1950 to 1955 there was a net outmigration of Chinese from Malaya. In 1955 the trend was reversed by a slight excess of Chinese immigrants. Rahman has stated that immigration controls will continue after independence.

3. Citizenship Requirements for Ethnic Chinese. The Federation of Malaya confers citizenship automatically on all Malays and those Chinese who were born in the Malay states of parents at least one of whom was also born there. A Chinese may acquire citizenship by registration if he was born in either of the former Straits Settlements of Penang or Malacca, which are now part of the Federation, or by following a process of naturalization if neither of his parents was born in the Federation or if he himself was not born there. Naturalization involves such requirements as residence of from 5 to 10 years, ability to speak English or Malay, and a good character.

The constitution to be ratified before independence will probably embody the recommendations of a memorandum of the Alliance Government which calls for a citizenship law which shall provide "for a common nationality, to the exclusion of all others." It recommends that all those who are now Federal citizens under the law should be accepted as first nationals on

independence day; that residents of Penang and Malacca (who include many Chinese) must in the first year of independence choose between British or Malayan nationality; and that, in accordance with the principle of jus soli, all those born in the country after independence shall become Malayan citizens. Except for a period of two years when the requirement will be waived, applicants for naturalization must have a simple knowledge of the Malay language. They must also have five years of residence if born in the country and eight years if born abroad.

These provisions may cause some resentment among the Chinese in the Federation, even though most of them have been endorsed by the MCA.

4. Restrictions on Property Rights. Under the Malay Reservations Enactment of 1933, ownership of land in Malay reservations is restricted to Malays, i.e., ethnic Malayans, speaking Malay, and professing the Moslem religion. Malay reservation land is generally land suitable for wet rice cultivation. Chinese may own any land not in a Malay reservation. The purpose of this enactment was to protect the Malay not only from the Chinese moneylender, but from the encroachments of the foreign-owned estate, growing commercial crops for export.

5. Economic Role. There is little restriction on Chinese participation in any business nor is there, in practice, any discrimination against them economically.

6. Taxation. There are no special taxes on Chinese.

7. Alien Registration Requirements. Under the Emergency Regulations, everyone in the Federation of Malaya is required to carry an identification card issued by the police. Apart from Emergency Regulations, alien registration laws in Malaya have usually exempted alien Chinese and Indians from registration.

8. Residence and Travel Restrictions. Subject to Emergency Regulations, which apply equally to all residents, Chinese may reside any place they wish and may move freely from place to place.

9. Governmental Control of Chinese Education. The Chinese may establish and operate schools, and by meeting certain requirements, may receive some governmental support. Under this system the government has not had enough control to stop the progress of subversion in the schools. If integration of the communal schools actually takes place, government control will increase drastically. Students, however, will fight hard against further progress along this line. New regulations adopted in late 1956 and used against student demonstrators in Penang substantially increase government powers to deal with subversion in the schools.

D. Political Orientation

1. Attitude Toward the Government. Leaders of the Chinese community claim that only the aborigines are really native to Malaya and that the Malays are as much of a recent immigrant group as they are. As a consequence they resent the British policy of Malay preference and the attempts to "Malayanize" the population in so far as this involves imposing Malay culture. They feel they have been unjustly deprived of political rights. At the present time the MCA forms part of the government coalition. It is being watched by community leaders to see whether it can gain sufficient political status to protect the Chinese position.

2. Attitude toward China. Indifference is also characteristic of the general Chinese feeling towards the two regimes which claim to represent China. The popularity of Chin Peng and the Communist guerrillas springs more from the fact that Chin represents their interests against the Malays and English than from any association with Communist ideology or the Peiping regime.

At the moment conservative elements dominate the leadership of the Chinese community in the Federation. They have supported the British campaign against the Communist guerrillas, but are inclined to leave foreign relations to the British. Their support for the Nationalists is only nominal. Although the major newspapers are either neutralist or pro-Nationalist, reflecting the position of their ownership, literature sympathetic to the Communists from the Hong Kong and Singapore press is widely read. The leaders as well as the community at large recognize they have much to gain from the backing of a strong government in mainland China. They may be willing to gamble that Peiping will do business with them when they become convinced that neither the British nor an independent Malaya is in a position to protect them from the internal and external Communist threat.

The Peiping regime has tried to exert its influence in the Federation through the youth and the school system. As far as is known, it chiefly provided propaganda support for the guerrillas in the jungle. For a period of years, however, a major effort was made to encourage middle-school graduates to complete their training in universities in China, but this campaign recently seems to have been played down. Some small contact is maintained through the Bank of China (Communist) which has branches in Kuala Lumpur and Penang, but for the most part Peiping exerts its influence through clandestine party channels.

By recognizing Communist China, Britain has made it difficult for the Nationalist Chinese to exert organized influence in Malaya. However, there is no indication that the Nationalists have energetically exploited what contacts they do have. Aside from occasional exchanges of visitors between Taiwan and Malaya, there seems to be little close connection.

V. SINGAPORE

The island of Singapore was excluded when the Federation of Malaya was formed in 1948 out of Malaya and the former Straits Settlements of Penang and Malacca. As both Singapore and Malaya move toward independence there seems to be little immediate prospect of their unification. However, many of the attitudes towards and legal provisions affecting the Chinese are the same in the two territories. Only instances vis-a-vis Chinese where Singapore differs from Malaya are discussed here.

The Chinese made up 76.6 percent of the population of the island of Singapore in 1955. The population is young, over half being under the age of 21.

A. Popular Attitude toward Chinese

To a much greater extent then in the Federation, the Chinese dominate the commerce and business of Singapore. The Chinese Chamber of Commerce in Singapore is the largest and most important in Southeast Asia, and provides leadership for the Chinese community. Feeling between the Malays and Chinese has been running high during the recent agitation for independence. Communal violence has been only narrowly avoided on several occasions during the past several years.

B. Governmental Attitude toward Chinese Minority

1. Assimilation Potential. Singapore is a Chinese city. There is little possibility that the Singapore Chinese will be assimilated into the Malayan population in the foreseeable future even should the island be integrated into the Federation.

2. Participation in Local Political Activities. Singapore has a certain amount of self-government under a democratically elected legislature and 60 percent of the electorate is Chinese. Although the Malay element in Singapore politics has proved to be clearly subordinate to the Chinese, the latter are only beginning to have an influence in the government commensurate with their importance in the electorate. In the present cabinet of 9, there are 3 ex officio and 1 nominated British members. Among the elected members there are 1 Eurasian, 1 Indian, 1 Malay and 2 Chinese. The latter (Lim Yin Hock and Chew Swee Kee) are the most powerful non-British members of the government. The political footing of the government coalition of Chinese, Eurasians and Malays has not been markedly strengthened since Singapore's first elections in April 1955. However, the Communist-tinged People's Action Party (PAP), which only came into prominence about this time, by mid-1956 had developed among Chinese workers and students by far the strongest political organization in Singapore, even though it had only three seats in the Legislative Assembly. This organization, under very elastic security legislation, suffered greatly in the fall of 1956 from government arrests and banishments

of key left wing leaders. The ability of extremist elements in the Chinese population to win a much more powerful position in the Legislative Assembly in elections now scheduled for August 1957 is still uncertain. Whether or not the Assembly takes on a more leftist composition, however, it is almost inevitable that future governments will be predominantly Chinese.

3. Role in the Civil Service, Police, and Armed Forces. The police and armed forces are almost entirely staffed by Malays and led by Europeans. Chinese have a larger share in the lower ranks of the civil service. The government has announced its intention to create a volunteer battalion of Chinese.

4. Status of Chinese Organizations. Chinese community associations in Singapore are in most instances rich and very influential in the field of education. The most important of them are the Hokkien, the Teochiu, the Cantonese, the Hainanese, the Hokchin, the Khek (Hakka), and Shanghainese communities. (The Hokkien and Hainanese form the bulk of Communist membership in Singapore.) Chinese guilds in Singapore, many of which are more than 60 years old, are also extremely influential in charitable and cultural enterprises. The guilds are of three kinds: those based on an entire Chinese province; those based on a district; and those made up of persons with a common surname. In addition to the community associations and guilds, there are also well over 100 Chinese commercial organizations affecting a wide range of economic activities. The Singapore Chinese Chamber of Commerce for a long time has provided leadership for the entire Chinese community, but in 1955 lost much of its prestige in the face of attacks by left-wing labor and student leaders.

According to statistics published in 1954 by the Singapore Commissioner of Police, there were 360 secret societies in Singapore with a total membership of 11,000. Of these, 130 societies with 8,500 members were known to be active. In contrast to its role in the Federation, where the Communist uprising has taken on a much more violent form, the Triad Society has not taken a great interest in subversive political activities. It has, however, been responsible for much of the ordinary crime of the colony, obviously taking advantage of a situation in which most of the resources of the police have been deployed against militant Communism.

5. Policies Toward Chinese Education. The educational problem of Singapore is in some ways analogous to that of the Federation. British authorities long neglected to aid or control to any substantial degree the numerous private Chinese schools, which have a marked political bias; and efforts, since Singapore became a separate colony in 1948, to bring these schools into a unified multilingual public system have been resisted by the Chinese community. The situation differs from that in the Federation, however, in several respects: Chinese students outnumber the Malay students eight to one and Chinese are ascendant in the local government; Chinese

schools form a much larger part of the total educational establishment; and South Asians are almost as numerous as the Malays.

Although annual government capitation grants to Chinese schools by 1954 had come to exceed $200,000,000 and to extend to over 90 percent of pupils in Chinese schools, this remained a small proportion of their total cost and entailed very limited control over these schools. This was dramatically shown in course of that year by political activities of a student group soon to be known as the Singapore Chinese Middle School Students Union (SCMSSU) which by 1955 was strong enough to force the surrender of the Labor Front government on an issue of discipline in which the students were clearly in the wrong. Riots incited by these students in May 1954 finally prompted the authorities to offer "full aid" (rather than merely capitation grants) to Chinese schools on the same conditions as English aided schools -- a move aimed at buying for the government a measure of control that would assure student discipline as well as enforcement of uniform standards. This program was strongly resisted and in February 1956 only about 80 Chinese schools were receiving "full aid." Since then two steps have been taken to force the issue. On April 12, 1956, a government white paper endorsed as a basis for future legislation various recommendations of an all-party committee on Singapore education. These called for: equal treatment of all schools accepting government conditions, including strict government control of licensing and hiring of teachers; compulsory instruction in primary schools of English plus one vernacular language to be chosen by parents; and a trilingual system in secondary schools in which at least two years of instruction of a third language would be required -- the medium of instruction in all schools, primary and secondary, to remain the option of the school. The second step was the announcement on August 18 that all schools must accept full aid on government terms (i.e. the white paper's terms) by January 1957 or get no public funds at all.

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1. SINGAPORE PRIMARY AND SECONDARY EDUCATION - 1954[a]

	English		Chinese		Malay	
	Schools	Pupils	Schools	Pupils	Schools	Pupils
Government	97	48,157	0	0	58	10,241
Aided	44	27,245	203	77,063	2	229
Unaided	63	8,660	74	4,542	0	0
Total	204	84,062	277	81,605	60	10,470

a. Excludes one small technical school.

Although the government terms appear to be even more favorable to Chinese culture than educational policy in the Federation, the implications of government control in this ultimatum brought loud protests among the Chinese community and rumors of SCMSSU plans for demonstrations. An additional complication has been indignation among Malays, which has been exploited by the extreme left, at the superior place given English over the Malay language not only in the white paper but in educational policy since 1951. Both the need of the Chinese schools for public aid and the impact of the government's campaign in the fall of 1956 against subversion suggest that it will be difficult for those Chinese opposing the "all or nothing" policy, which is already having a salutary effect on school discipline, to resist it even in the absence of legislation. The government's deadline to accept or decline full aid has been extended to March 31, 1957.

University education presents as pressing problems as the lower ranges of education and, according to the Consulate General in Singapore, offers greater opportunity for outside assistance. At present two institutions in Singapore provide the only facilities for university education for all Malaya. The older of them, the University of Malaya, which was constituted as such in 1949, is an amalgam of two British institutions dating from the 1920's: a medical school and a liberal arts college. This university derives 80 percent of its funds from government subventions and is predominantly British in its administration, faculty, and in its curriculum, which is perhaps more responsive to British hopes for Malaya's loyalty to the Commonwealth than to Malaya's needs as an emergent nation. Of the 1,043 students enrolled in 1954, there were 639 Chinese, 251 South Asians, and only 109 Malays -- all of these coming as a general rule from families of some means. About half of the students were studying medicine, dentistry or pharmacy. About a third of the total were from Singapore.

Nanyang University, which has space for about 800 students, convened its first classes in March 1956. It was privately founded, over the protest of British officials, by rich Chinese who shared a wide popular desire among the Chinese for a university for middle school graduates who could not pass the stiff entrance examinations of the University of Malaya and in any case preferred an education oriented toward Chinese rather than European culture. Although the faculty of this university appears to be politically neutral, the towkays who control its administration have strong pro-Peiping sympathies.

It is apparent that the combined capacity of the two institutions -- little more than 2,000 --would in any case prove increasingly inadequate in a country where close to 100,000 students are already receiving secondary education and in which over half the fast growing population is under 21. Plans have been laid and M$18,000,000 found to strengthen and enlarge the University of Malaya, but this expansion would only provide for some 600 more students.

Apart from the question of capacity, the University of Malaya faces difficult problems of maintaining popular support. Although the university is exempt from the Malayanization order affecting public services from January 1, its British administration was, toward the end of 1956, at odds with various alumni who are attempting to force the pace of Malayanization of the university. In the long run there is a danger that Chinese and Malay alike will cease to recognize it as the national university of Malaya. On the one hand, there is a growing tendency among the Malays of the Federation to regard the University of Malaya as a Chinese and Singapore institution. This trend may be retarded if present plans to create a small branch of the University of Malaya at Kuala Lumpur with capacity for perhaps 400 students are carried out. However, sentiment for a new national university in the Federation seems likely to grow rapidly, particularly if this innovation is delayed, and will be encouraged by the political separation of Singapore and the Federation as self-governing areas.

On the other hand Nanyang University seems sure under present circumstances to be able to intercept the lion's share of whatever voluntary donations the older university may have hoped for from the wealthy Chinese community, in spite of its recent efforts to give oriental subjects a larger place in its curriculum. There is no sign that the enthusiasm for the cause of a Chinese university, which has pervaded a large part of the Chinese community throughout Malaya since the movement for it began in 1953, has abated. In the face of this enthusiasm the hope of the Singapore Government of Lim Yew Hock that financial difficulties will enable it to buy enough control of Nanyang University to bring its administration into harmony with multiracial educational policy and to avoid duplication with the University of Malaya, seems vain. This government in May 1956 stated that Nanyang degrees would not be accepted as qualification for government jobs until suitable academic standards had been met. The chairman of Nanyang University (Tan Lark Sye) replied defiantly that his university in five years would surpass any other in Southeast Asia and threatened "political trouble" by way of reprisal. That such trouble is within the power of Tan's group (see section below on subversion) adds to the urgency of the educational problem.

6. Subversion. As in the Federation, the Malayan Communist Party (MCP) is outlawed and is predominantly Chinese. There are believed to be 25 or more active party members and some 300 active sympathizers with varying degrees of organizing responsibility. MCP strength has been most evident in three spheres: 1) The extreme left "Middle Road Trade Unions" (misleadingly named after their headquarters' address) have won a prominent position among key industrial, transport, and harbor workers. Among these unions, the Singapore Factory and Shop Workers Union (SFSWU) alone claims 40,000 to 50,000 out of the roughly 150,000 union members of Singapore. 2) The Chinese middle schools have also yielded to MCP influence owing to slack

private management which has permitted pro-Communist agitators between the ages of 18 and 21 to enroll in the already overcrowded upper grades. The extent of MCP organization was shown in student demonstrations against compulsory military service in 1954; in 1955 riots in support of industrial strikes; and in the seizure of two schools by striking students which led to the riots of 1956. 3) On the political front, MCP influence has prevailed in the Peoples' Action Party (PAP).

Against these inroads the government in the fall of 1956 showed unprecedented strength. The arrest in connection with the riots of scores of front leaders, including the interlocking leadership of the PAP and the "Middle Road" unions did severe damage to these elements. Whether any lasting advantage was gained, however, remains to be seen. There is a fairly good prospect for increased government control of the middle schools and better student discipline. On the other hand, the free trade unions upon whose scope and vitality the labor front in good part depends have not shown initiative in exploiting the confusion of the "Middle Road" unions to extend their membership to those Chinese industrial workers who have supported the PAP. Also favorable to subversive elements is the enduring influence of a number of rich pro-Peiping Chinese -- preeminently Tan Lark Sye -- who have controlled the administration of many of the middle schools and abetted the cause of extremist labor and student leaders.

C. Legal Status (see the Federation of Malaya)

At present anyone born in Singapore is a UK subject. Naturalization requirements are much less severe than in the Federation, and even the minimal English language requirement has been waived. Nevertheless, there are still a large number of Chinese who have not bothered to take out citizenship.

Negotiations scheduled for March over the subject of self-government for Singapore will determine whether a separate citizenship for the island will be established as the Singapore Government desires. The government's plan calls for Singapore citizenship for all persons born there, or born in the Federation if they have lived in Singapore for one year, or born elsewhere if they have lived 10 years in Singapore. All will be required to swear allegiance to the Singapore Government and renounce any previous citizenship.

1. Government Control of Chinese Education. Through its new policy of "full aid," the government hopes to exercise sufficient control over the school system to limit the political activity of student organizations and orient the young Chinese toward Malaya.

D. Political Orientation

1. Attitude toward Government. For many years the Chinese in Singapore prospered under efficient British administration. While the British ran the city, the Chinese governed themselves through their Chamber of Commerce. However, partly because of Communist influence, resentment against British rule has grown rapidly within the past few years, erupting in bloody riots in April 1955. The Anglicized Chinese have become suspect in the Chinese community, and the Chamber of Commerce appears to have lost its control over the Chinese community to young, vigorous student-labor leaders. The increasing xenophobia is not accompanied by any feeling of attachment to Singapore. If there has been any growth of national consciousness, it has been an awareness of ties with mainland China. Although unification is favored by the politically informed Chinese, agitation for the unification of Singapore with the Federation of Malaya has not yet been manifested on the popular level. For the moment all energies are directed towards securing self-government from the British.

2. Attitude toward Communist China. Pro-Peiping sentiment has grown rapidly in the past few years. Although the majority of the population is not leftist-controlled or oriented, middle-of-the-road and conservative elements lack the organization and leadership that would give them the will to resist. As control over the Chinese community has slipped from the Chinese Chamber of Commerce to the militant youth and labor leaders, sympathy for Peiping has grown. In order to protect themselves and win back control, the wealthy leadership of the Chamber of Commerce has been currying favor with the pro-Communist PAP, and labor and youth leaders.

The sympathy of these wealthy Chinese for Communist China is encouraged by their kinsman, former rubber baron Tan Kah Kee, who has been in Communist China since 1950. Further contact with Peiping is maintained through the Bank of China in Singapore which acts as the local coordinating center for mainland trade, remittances, and financing of students leaving for mainland schools. It may finance local Communist activities covertly. The organization of Communist activity in the schools has been aided by teachers trained in Communist China.

The growth of Communist China's prestige and power in the world is the chief element in attracting the support of Singapore Chinese. The pride with which this rise is viewed, especially by the youth, is quite sufficient to outweigh reports of Communist excesses domestically and aggressive action internationally.

3. Attitude toward Nationalist Government. Only the smallest of the major Chinese newspapers openly supports the Nationalist Government. Others are either neutral or pro-Peiping. Although some individuals in the Chinese

community may be in favor of the Nationalists, they are neither organized nor vocal. Intimidation by the left-wing forces contributes to the ineffectiveness of pro-Nationalists. The Kuomintang, formerly a powerful organization in Singapore, has lost most of its authority and prestige. With British recognition of Communist China Taipei lost its official status as protector of local Chinese. The inability of Kuomintang leaders to revitalize the local organization and recruit young leaders has derived from their inability to iron out personal jealousies, their lack of imagination, and their preoccupation with thoughts of an early return to the Chinese mainland. No new pro-Taipei leaders have appeared in Singapore since January 1950.

VI. BRITISH BORNEO

British Borneo is divided into three administrative territories: Sarawak, Brunei, and North Borneo. Sarawak and North Borneo are Crown Colonies; Brunei is a Protectorate.

In 1954 the population was estimated to be about 1,030,000 with some 271,000 (26%) of these Chinese. The distribution was as follows:

	Chinese	Total
North Borneo	85,365	367,753
Brunei	11,463	60,330
Sarawak	174,618	601,958
	271,446	1,030,041

British Borneo is generally rural, with the exception of Brunei whose population is 87 percent urban.

About 65 percent or more of the Chinese now in British Borneo were born there. They represent nine major dialect groups, the more important being distributed as follows:

Dialect Groups	North Borneo	Sarawak	Brunei	Percent of total Chinese Population
Hakka	44,505	45,409	2,824	41.2
Foochow	n a	41,946	296	18.5
Hokkien	7,336	20,289	1,983	13.0
Cantonese	11,833	14,622	1,706	12.6

The Chinese are not distributed evenly throughout the region. About 70 percent are settled in urban areas. Although the Chinese represent only about a fourth of the total population, their importance is far greater than their numbers would indicate.

The information available on each of the three areas does not always correspond, so under some headings there may not be any specific information for a particular area.

A. Popular Attitude toward the Chinese Minority

There is very little racial tension between the Chinese and the other races in British Borneo. Since the Chinese dominate the business world, they have attracted the natural dislike of the marginally placed debtor, but in general, relations are excellent.

1. Overseas Chinese Economic and Political Influence. The Chinese throughout British Borneo have tended to remain aloof from political affairs. In general they have governed themselves and been left alone by the British, but recently there have been efforts to draw the Chinese more into the local governments (with the exception of Brunei).

a. North Borneo. Next to the British, the Chinese are the most dominant group in the economic life of the colony. They are preeminent in commerce, crafts, and artisan employment. In the small villages they hold the positions of moneylenders and traders. Chinese produce much of the commercial agricultural produce. The processing, shipping, and marketing of agricultural and forest products is handled mainly by the Chinese, along with most of the retail distributive trade. In 1951, 82 percent of the people engaged in commercial activities in North Borneo were Chinese. The relative importance of the Chinese in some areas appears to be decreasing. In 1940, 37.6 percent of the workers in registered industries were Chinese, while by 1952 they comprised only 24.9 percent.

b. Brunei. The Chinese are less dominant in the economy of Brunei than in the other two territories of British Borneo, but they still occupy a very important position. About 50 percent of those engaged in commercial activities in Brunei are Chinese. They dominate the service activities, including personal services, entertainment, restaurants, and hotels. They are the most important element in the wholesale and retail distribution of goods, especially the "small shop" trade. In 1952 of the 4,087 employees of the British Malayan Petroleum Company, Ltd., 1,416 were Chinese.

c. Sarawak. The Chinese predominate in all aspects of the rubber industry in Sarawak. In 1952 there were 169 Chinese employed in the Sarawak oil fields out of a total labor force of 2,062. They also dominate Sarawak's wholesale and retail commerce, as well as banking, pawnbroking, and moneylending. Chinese also constitute three-fourths of the country's manufacturers and artisans and own and work most of Sarawak's seven gold mines. Chinese predominate as professionals and in the service trades. They own and operate most of the bus and taxi services. In 1947, 72 percent of those engaged in commercial activities were Chinese.

2. Social and Cultural Differences. The Chinese brought with them a more highly developed culture than that of the indigenous people and deep cultural differences have remained. The Chinese have kept their own societies and many of their traditions brought from the mainland. They tend to consider themselves as culturally superior to the other non-Europeans, although this view is not reciprocated.

Although the Chinese have generally had good relations with the indigenous peoples, recently there has been some trouble in Brunei. In January 1957 communal troubles between the Chinese and Malays led 400 Hong Kong artisans to request repatriation, thus adding to the acute labor shortage.

B. Governmental Attitude toward Chinese Minority

North Borneo - The British Colonial Government has recently begun trying to swing Chinese loyalties away from the mainland and towards Borneo through encouraging increased Chinese participation in local government. However, there are still certain restrictions on the Chinese which help to preserve their alien status.

Sarawak - The British Government has adhered to the Brooke policy of governing Sarawak as a Malay country, with only slight modification.

1. Assimilation Potential. Although the relations of the Chinese with the indigenous races have been good, the Chinese have been markedly successful in maintaining their own separate communities. There has been considerable intermarriage of Chinese men with native women (although this is decreasing), but the children are invariably raised as Chinese. The highly developed Chinese clan system provides the pattern around which the Chinese communities are built, and this clannishness is an important factor mitigating against assimilation of the Chinese.

2. Participation in Local Political Activities

a. North Borneo. In general the Chinese have revealed little interest in political affairs. An effort is now being made to draw the Chinese into the Local Authorities (local government organizations). A Chinese advisory board, consisting of various leaders from the Chinese communities, has been appointed. Four Chinese are appointed by the government to the Colonial Legislative Council. Chinese residents are well represented on the municipal level since the few cities and towns have relatively large Chinese and European populations.

b. Brunei. Although no information on this subject is available, it appears that few, if any, efforts are being made to draw the Chinese into local political affairs. Some Chinese are appointed to the municipal or town sanitary boards.

c. Sarawak. The Chinese were somewhat discriminated against under Brooke rule and tended to avoid political activities. Now attempts are being made to draw them into local authorities and Chinese serve in some advisory positions. As a group, however, they still show marked political apathy.

3. Role in Civil Service, Police, and Armed Forces. No Chinese participate in such armed forces as exist.

a. North Borneo. Little information is available on the Chinese in the civil service. Their numbers are undoubtedly small, and they probably serve as technicians rather than administrators. As of 1954 there were 19

Chinese in the North Borneo Police Force. Efforts have been made to increase Chinese in participation in this area but with little success. The government is handicapped in combatting Communism by the lack of Chinese-speaking detectives.

b. Brunei. Little information is available for Brunei, but it appears that the Civil Service is restricted to Malays. No information is available on the police force.

c. Sarawak. Some Chinese are undoubtedly employed in the lower levels of the civil service, but their numbers are small. The Chinese have revealed little inclination to enter the police force where there is a serious shortage of Chinese-speaking detectives.

4. Status of Chinese Organizations. There are numerous Chinese organizations and associations, most of them being local in character and coinciding with dialect and occupational groupings. The rural organizations perform general mutual-aid functions. In the urban areas there are organizations for more specific purposes such as the school boards, the Chambers of Commerce, and various trade groups.

In North Borneo many of the functions of the Chinese Consulate were taken over by the Chinese Chamber of Commerce when the consulate closed in early 1950. As the leading organization and mouthpiece of the Chinese community, it is approached by the government's Secretariat for Chinese Affairs when problems concerning the Chinese arise.

The traditional Chinese secret societies are not in evidence, perhaps because of their clandestine nature, but also because of strict government controls.

The Kuomintang and the China Democratic League are not active in British Borneo, as political organizations having connections with foreign powers are not permitted.

In Sarawak the Secretariat of Chinese Affairs registers and controls societies, and acts as protector of labor.

5. Policies toward Chinese Education

a. North Borneo. The Chinese have taken full advantage of the general government policy permitting the Chinese set up and run their own schools. In 1954 there were 81 Chinese schools (including 2 night schools) with an enrollment of 9,800. The breakdown was as follows:

Primary	
I - IV	7,434
V	1,078
VI	792
Secondary (3 schools)	496
Total	9,800

In 1954 there were 17,038 Chinese pupils in all schools.

The Chinese schools constitute an almost autonomous system under the control of the leaders of the Chinese business community, who supplement student fees by their donations. The schools receive almost no government aid, but they must be registered and are inspected by the Inspector of Chinese Schools.

Although almost none of the various Chinese communities speak Mandarin (kuo yü) as their native dialect, it is taught in the schools. English, also, is being increasingly taught.

Because many of the teachers in the Chinese school system were recruited from the mainland, the government has attempted, not altogether successfully, to cut down the influx of Communist teachers and textbooks, through increasingly strict controls. An effort is being made, through the import of Chinese textbooks from Singapore, to orient the Chinese towards Borneo as their home. Teachers are now carefully screened and are recruited in Hong Kong or Singapore.

There are no Chinese Senior Middle Schools and, with the exception of a government Teachers' Training College, no institutions of higher learning. Therefore, many of the better Chinese students go to the mainland to continue their education, attracted partly by Communist scholarship inducements. In general, the younger generation of Chinese is considerably influenced by Communist propaganda.

b. Brunei. In 1954 there were 3,200 Chinese pupils enrolled in schools. The Chinese school system occupies a much less important place in the total education picture in Brunei than in either Sarawak or North Borneo. Only two schools have made a start with Junior Middle Courses and as of 1955 there was not yet an Inspector of Chinese Schools.

There is some government aid, largely for the purpose of teacher procurement and building construction, but the schools still face financial

difficulties. Low salaries and poor conditions cause teacher turnover to be inordinately high.

c. Sarawak. In 1954 there were 242 Chinese schools with 1,084 teachers and 31,939 pupils. In Sarawak some government grants are given to the Chinese schools based on a percentage of the salaries of the approved staff. In 1954 total grants amounted to approximately $140,590 of which $69,466 was from central government funds and $71,130 from local government funds. The number of Chinese schools aided from public funds was 107 with a total enrollment of 21,589 pupils.

There were three Junior Middle Schools and another 12 schools had combined primary and middle departments. A Senior Middle Course was held at four schools. There were 3,194 pupils in the secondary sections of the Chinese schools at the end of 1954. Higher education facilities are lacking and many Chinese students go to the mainland to continue their educations.

6. Subversion. As the above section on education may suggest, the principal danger of Communist subversion in British Borneo appears to be through the Chinese secondary school system. Quite a few of the teachers are pro-Communist. There appears to be no effective Communist Party, but there are reports that trained Chinese Communist agents are being smuggled into North Borneo. There are also occasional reports of subversion in the oil fields, although the oil companies, up to this time, have been very successful in handling this problem themselves.

The British prohibit the import of all foreign propaganda, but there is evidence that both Communist and Kuomintang propaganda materials are smuggled in.

C. Legal Status of Chinese Minority

North Borneo. There are some restrictions on Chinese with regard to owning property, but in general they have legal equality.

Sarawak. Under the previous regime a policy of discrimination against the Chinese had largely centered about the denial of citizenship and service preference for the Malays. This appears not to have generated any particular bitterness on the part of the Chinese, although they favored the cession of the territory to the British in 1946 in the hope that this would improve their position. In this they have been disappointed. The present administration is likely to move slowly in bettering the legal position of the Chinese.

Brunei. There is no specific information available, but, with the exception of certain regulations pertaining to the ownership of land, the Chinese appear to have legal equality.

1. Relevant Treaties. There are no relevant Sino-British treaties concerning the legal status of the Chinese.

2. Immigration Controls. Chinese immigration has been practically stopped, although carefully screened relatives of residents may be allowed entry. Reentry permits are rarely issued to Chinese who have travelled to the mainland. Selected groups of Chinese workers are being brought in on a contract basis with a maximum allowable stay of from two to three years.

3. Citizenship Requirements for Ethnic Chinese

a. North Borneo. Chinese born in North Borneo since 1946 are automatically UK and colony citizens. The majority of the colony's native born Chinese have become citizens since 1946, apparently under somewhat relaxed naturalization requirements.

b. Brunei. No information available.

c. Sarawak. Under the Brooke regime, Chinese were regarded as aliens. Chinese born in Sarawak after 1946 are citizens of the UK and colonies. The status of those born locally before 1946 is unclear. Presumably if they desired citizenship, they would have to meet certain additional requirements.

4. Restrictions on Property Rights

a. North Borneo. In North Borneo there are two methods of land alienation. The first offers leases to anyone, including foreigners, for periods up to 99 years. The second form of title is offered only to native born citizens and is granted in perpetuity. This land may be sold to non-natives only with government permission. Most of the remaining undeveloped land of any value is reserved for the native peoples. This is greatly resented by the Chinese.

b. Brunei. Any person born in Brunei may acquire agricultural land in perpetuity. Others may acquire land with the approval of the State Council.

c. Sarawak. In Mixed Zone Land both natives and non-natives may hold titles. In Native Area Land only natives of Sarawak may hold titles. As of 1954 the distribution was as follows:

Mixed Zone Land	4,342 sq. miles
Native Area Land	1,867 sq. miles

Interior Areas are less closely administered than native areas and are reserved for and principally occupied by indigenous people.

New lands are periodically opened for settlement and the Chinese are advised when land is available. In Sarawak about 30,000 acres are being opened for settlement each year. Because the colony is largely underpopulated, the demands of Chinese communities for farm land have largely been met.

5. Economic Role. There are apparently no restrictions upon the Chinese.

6. Taxation. There are no special taxes for the Chinese.

7. Alien Registration Requirements. Alien registration in some form is required but no information on the definition of aliens or on the application of the law to Chinese is available.

8. Residence and Travel Restrictions

a. North Borneo. Bona fide Chinese residents who wish to travel, and are not well known to the police, are given travel documents but no UK passports. Passports are reserved for those who have rendered true service to the UK or the local community. The Essential Travel Ordinance covers most travel, permitting Chinese travelers to go to Hong Kong, where it is decided whether they can return to Borneo.

b. Brunei and Sarawak. No information.

9. Governmental Control of Chinese Education

a. North Borneo. The Chinese schools in the colony are under the direction of the Department of Education. There are two supervisors of Chinese education who visit the schools and report on such matters as admission and attendance registers, stock books, timetables, school gardens, handwork, equipment, and repairs. All schools and teachers are registered under the terms of an education ordinance.

b. Brunei. In 1955 an Advisory Education Committee was established to handle such problems as financial assistance to schools.

c. Sarawak. Government control of the Chinese school system has not been great but is increasing. At present schools are inspected and some control is exercised over the procurement of teachers and text books. Much of the regulation is necessitated by the need to control Communist subversion in the schools. The management of a Chinese school in Miri was taken over by the government and about 20 students expelled in an effort to control Communist influence.

D. Political Orientation

1. Attitude toward the Government. The Chinese community is divided

among: 1) those who would be willing to see a system of self-government under British protection if it would allow them high political as well as economic status; 2) those few who would prefer Borneo to become an outpost of China; 3) the majority who are not concerned with politics so long as they are provided with protection of the law and economic opportunity. The Chinese are unlikely to accuse the British too strongly of oppression as they themselves are resented by the indigenous peoples as exploiters.

2. Attitude toward China. In general the older generation of Chinese still support the Kuomintang or are neutralist. The younger generation, exposed to Communist influence in the schools and to quantities of emotional propaganda, tends to be strongly attracted to Communist China. There appears to be some belief that the Communists will eventually take over all of Southeast Asia.

VII. VIETNAM

A. Popular Attitude toward Chinese Minority

The Chinese have closer religious, language, and other cultural ties with the Vietnamese than with any other Southeast Asian people as a result of their close contact for centuries. The historical relationship of the two peoples, however, has been marked by repeated Chinese attempts at domination, both cultural and political. The Chinese have adopted a superior attitude in matters of culture, and their success in trade and commerce is all too apparent. As a result, the Vietnamese look on the Chinese with mixed envy, admiration, and resentment.

The Chinese population in Vietnam is concentrated in the south. According to a recent estimate, there are approximately 830,000 Chinese in South Vietnam, of whom nearly 600,000 are concentrated in Cholon, the Chinese city adjoining Saigon, and now administratively part of the capital. Only about 20,000 to 25,000 Chinese are believed to have remained north of the 17th parallel at the time the Communists took control. An estimated 45,000 Chinese from the north took refuge in the south after the cease-fire in 1954. A 1954 estimate placed the Chinese population of Vietnam at 1,200,000, but this total probably included all those who could be considered Chinese from an ethnic or linguistic viewpoint regardless of the extent of their assimilation. The more recent estimate includes only those Chinese who are members of the semi-autonomous administrative groups and qualify in effect, as Overseas Chinese.

The Chinese in Vietnam in the past have been grouped for purposes of administration according to their place of origin in China. In Saigon-Cholon the Cantonese are the dominant group and comprise an estimated 40 percent of the total Chinese population. The Teochiu are the next most important with about 25 percent, and the Fukienese comprise perhaps 20 percent. The balance of Chinese are divided between the Hainan and Kakka groups. All Chinese who do not belong to one of the first four groups on the basis of their place of origin have arbitrarily been assigned to the Kakka group. The pattern of distribution among these groups in the areas of South Vietnam outside Saigon-Cholon is probably roughly comparable, but no numerical estimates are available.

1. Overseas Chinese Economic and Political Influence. The Chinese traditionally have controlled most of the internal trade in Vietnam. They dominate domestic trade in rice, purchasing, transporting and milling most of the paddy crop each year. Formerly they also exported a substantial amount of rice, the war caused rice production to drop precipitously, however, and relatively little rice has been exported in recent years. Few Chinese actually grow rice, but they specialize in truck and pepper gardening, pig breeding, sugar and cotton farming, and fisheries. In addition to rice mills, they own and operate most of the sawmills and sugar refineries in the country. They are large holders of urban property and most

Chinese are occupied with business, industry, and commerce rather than agriculture.

2. Social Position. The Chinese in Vietnam tend to segregate themselves from the Vietnamese. Whether settled by the thousands in the big urban centers, by dozens in country villages, or as two or three families straggling along a communication route, the Chinese group themselves into a distinct quarter. Like many overseas Chinese, through retention of Chinese dress, speech and customs, they form a cultural island in their foreign milieu. In Vietnam this insularization is less marked than elsewhere because of the similarities of the two cultures. Because of sheer numbers, Chinese in Cholon are perhaps the furthest removed, though even there the presence of thousands of Vietnamese makes daily contacts between the groups inevitable. In smaller communities social contacts between the Chinese and Vietnamese are considerable.

B. Governmental Attitude toward Chinese Minority

The Government of Vietnam in recent months has attempted to destroy the semi-autonomous status granted the Chinese under the French administration and to bring the Chinese minority fully and directly under the authority of the government. Chinese control of large sectors of the Vietnamese economy has engendered considerable resentment, particularly on the part of ultranationalist members of the government, and the relative independence of the Chinese has aroused suspicion that Communist influence may flourish unless the government has direct control of the Chinese minority. In an attempt to extend its control over the Chinese in Vietnam the government has issued a series of decrees and regulations affecting their status in Vietnam which: 1) declare that all Chinese born in Vietnam, in the past or in the future, are Vietnamese citizens; 2) prohibit foreigners from engaging in 11 occupations most frequently followed by Chinese; 3) force Chinese secondary schools to give instruction in Vietnamese and require principals and teachers to be Vietnamese citizens; 4) require Chinese to use the Vietnamese transliteration of their names; 5) compel the use of Vietnamese signs by shops and businesses; and 6) oblige all commercial establishments to keep business records in French or Vietnamese.

The Chinese have resisted the government's attempt to force "Vietnamization" upon them and, for the most part, have refused to register as Vietnamese citizens as required by the government. Also, while awaiting the outcome of representations by the Republic of China and local Chinese leaders, they have reduced or ceased business activities. The Chinese are most disturbed by the question of citizenship and have requested that they be given an option between Vietnamese and Chinese citizenship, but the government has adamantly refused so far to make any change or adjustment in its position. If a settlement could be reached on the question of citizenship, the other problems probably could be solved satisfactorily.

Although representations to the government on behalf of the Chinese have been ineffective, the mass refusal to comply and the economic disruption caused by the reduction in Chinese commercial activity may be more effective. A recent but unconfirmed report indicates that the government may be considering modification of its program, perhaps permitting Chinese born in Vietnam to choose between Chinese and Vietnamese citizenship in return for promises that the Chinese will pursue a vigorous anti-Communist propaganda program and resume normal business activities.

During the past two years two special agencies, or more accurately positions, have been set up within the President's office to deal with Chinese affairs. The first, the office of the Special Adviser for Asian Affairs, was established in December 1954. The first incumbent was a local Chinese possessing Vietnamese nationality and already well known as a successful intermediary between the local Chinese and the Vietnamese Government. During his tenure there were several hopeful indications that the Chinese community was moving toward a position of active support for and confidence in the Diem Government. After his death during the Binh Xuyen rebellion, however, a new incumbent was chosen who is disliked and mistrusted by the Chinese and apparently ignored completely by the Diem Government.

A second special office, that of Special Assistant to the President for Chinese Affairs, was established in September 1956 and charged with implementing the nationality decree and economic and travel regulations applicable to the Chinese residents. The functions of this office are much more clearly defined than those of the "Asian Affairs Adviser" and it appears probable that it will increasingly become the principal Vietnamese Government agency technically responsible for planning policy concerning domestic Chinese affairs and coordinating the execution thereof. The "Asian Affairs Adviser" has recently been placed under the supervision of the "Special Assistant for Chinese Affairs."

1. Assimilation Potential. Vietnamese envy and resentment of the Chinese have tended to limit and slow assimilation. The Chinese, for their part, have guarded their identity as Chinese and recent events have demonstrated that they are not willing to be assimilated into the Vietnamese population by decree. Available information indicates that the rate of intermarriage between the Chinese and the Vietnamese is comparatively low. Nevertheless, some of the early Chinese immigrants to Vietnam have merged completely with the Vietnamese and are now detectable only through family histories or characteristic names.

2. Participation in Local Political Activities. Chinese nationals do not participate in the government of Vietnam and have shown little interest in domestic Vietnamese politics except to protect their interests.

3. Role in Civil Service, Police and Armed Forces. Chinese are employed as minor clerks in governmental offices but not in positions of responsibility. There is no place in the Vietnamese armed forces for Chinese, either as officers or enlisted men, unless they are Vietnamese nationals. The Chinese do not wish to serve in the armed forces and one of their objections to the recent citizenship decree is that it would make them liable for military service.

4. Status of Chinese Organizations. Traditionally, the Chinese in Vietnam have been organized into five bangs or "congregations," according to their provincial origin and dialect, with one congregation each for the Cantonese, Hainanese, Fukienese, Teochius, and Hakka. Under the French these groupings were given official status and the congregations administered local legislation, including tax and immigration laws, and supervised Chinese schools, temples, hospitals, cemeteries, and the like. The congregation system was retained by the Vietnamese Government after its acquisition of full independence, largely because the government was preoccupied with more urgent problems than the status of Chinese residents. The congregations, or Groupements Administratifs Regionaux Chinois, have continued as the primary instrument for application and execution of government administrative and fiscal measures in the Chinese community. However, the government ended some of the privileges granted by the French, such as trial by special courts, and began increasingly to deal directly with the local Chinese particularly in the exercise of police functions. Consequently, the congregations' functions assumed more of a character of mediation with various branches of the government.

The government in the past few months has attempted to remove the raison d'etre of the congregations by declaring all Chinese born in Vietnam to be Vietnamese citizens and promulgating a decree providing for a census of foreigners with a view to establishing government control over foreigners in Vietnam. Although the outcome of the government's attempt to nationalize the majority of Chinese in Vietnam is not clear, it appears inevitable that the semi-autonomous status of the Chinese under the congregation system will be subject to considerable modification even if it is not completely abolished.

The South Vietnam Chinese General Chamber of Commerce, which is composed of representatives of the numerous Chinese trade associations and Chinese businessmen in each of the provinces, is in many respects the most powerful and important Chinese organization in Vietnam. As might be expected in a primarily commercial community, economic and commercial groupings play an important role in the functional organization of the Chinese residents. These organizations cut across the lines of the congregations, are much less directly subject to the control of the local authorities, and may be characterized as the agencies through which the local Chinese plan their positive accomplishments, while the congregations are more "defensive" in tactics.

In December 1955 a China-Vietnam Association was formed by a group of prominent Chinese and Vietnamese with the announced purpose of encouraging the exchange of cultural understanding, increasing the glory of the two countries, and combating divisive maneuvers by common enemies. The organization is clearly of quasi-official inspiration on both sides and was apparently intended to provide a more effective channel of liaison between the Chinese community and the Vietnamese Government than the congregation system. The association seems to have been somewhat of a disappointment to its sponsors, however, and has not taken an active role in Chinese affairs in Vietnam up to the present.

5. Policies toward Chinese Education. No educational facilities were provided for the Chinese under the French administration and a system of separate Chinese schools supported and managed by the Chinese community gradually evolved. Chinese attendance at Vietnamese schools was restricted by the levy of a special fee and various limitations on Chinese enrollment in colleges have virtually excluded Chinese from higher education in Vietnam.

Chinese primary schools were registered by the Department of Education, but there was apparently a tacit policy of not approving officially the establishment of Chinese secondary schools, although no attempt was made to prevent their operation in practice. The only Chinese secondary school having official status is the Lycee Franco-Chinois founded in 1908.

There are now 228 Chinese schools in South Vietnam, 120 of them in Saigon-Cholon. The 13 secondary schools in this total are concentrated primarily in the capital. Most of the metropolitan schools are privately-run institutions, but the schools maintained by the congregations and other community groups are among the largest and best educational institutions in Vietnam. Every province of South Vietnam has at least one Chinese school. Saigon-Cholon has about 50,000 Chinese students, including about 5,000 in secondary schools. The rest of South Vietnam counts about 14,000 Chinese students.

Under the French administration there was little attempt to control the Chinese schools and the Vietnamese Government made no attempt to exert any overall control until the fall of 1956. Only when the French or Vietnamese authorities became seriously concerned with the problem of subversive political influence in the schools was there any intervention in their operation. A number of Chinese teachers suspected of Communist ties were deported and from time to time various Chinese schools were closed on suspicion of Communist influence.

This laissez faire approach ended with a head-on clash between the authorities of the Chinese schools (strongly supported by the entire Chinese community) and the Vietnamese Department of Education in September-October 1956. In July 1956, the Department of Education notified the

secondary schools that they must register with that department and conform to all the requirements for secondary schools before they would be allowed to reopen for the term beginning September 1. Among the requirements were that: the principals and teachers should be Vietnamese citizens; the curriculum should follow the Vietnamese pattern; and that the teaching language should be Vietnamese. After a delay of several months the Chinese secondary schools were permitted to reopen at the end of November, maintaining the regular Chinese curriculum but devoting extra hours to the Vietnamese language. The deadline for registration of the secondary schools and full compliance with Vietnamese regulations has been postponed until July 1957. The government, however, is apparently insisting that Vietnamese citizens principals be installed this school year and the secondary schools are threatening to close down at the end of January rather than comply.

No overt Communist support or propaganda is permitted in the Chinese schools in view of the strongly anti-Communist policies of the Vietnamese Government and the pro-Nationalist sympathies, on the surface at least, of the leaders of the Chinese community. Many of the Chinese schools are reported to use textbooks from Taiwan. However, Communist influence is still reported in certain of the Chinese secondary schools, which is probably one of the government's reasons for attempting to exert closer control over them. Ironically, the principal center of Chinese Communist propaganda in local schools is now allegedly the Lycee Franco-Chinois, the only one of the Chinese secondary schools which had registered legally with the French authorities and therefore was not affected by the registration order. One field in which the Chinese Communists continue to achieve a measure of success is recruiting students to go to the mainland for higher education. The numbers involved are small, perhaps 150-200 a year, and has decreased in recent years as equivalent opportunities for education in Taiwan have been offered. The number of Chinese students from Vietnam now studying in Taiwan has been reported by one source to be 700 and by another 2,000.

6. Subversion. The Vietnamese Government has carried on an intensive campaign throughout South Vietnam against Communist subversion, which has represented a threat to its very existence. Although the Chinese community has cooperated with this campaign, the government continues to view the Chinese minority as a likely prospect for Communist subversion, which has contributed to the government's determination to establish direct control of the Chinese.

C. Legal Status

The semiautonomous status granted to the Chinese community by the French is gradually disintegrating. If the present program of the Vietnamese Government is carried through, half or more of all Chinese residents will be considered as Vietnamese citizens and the balance will be treated as foreigners subject to limitations on their business occupations and, perhaps, their term of residence in Vietnam.

1. Relevant Treaties. Even though the Sino-French treaties of 1935 and 1946 concerning the status of Chinese nationals in Vietnam have not been specifically abrogated, they are not fully operative at the present time. The Vietnamese Government may eventually conclude a new treaty with the Republic of China to replace these treaties, but the government has demonstrated that it considers the status of the Chinese residents in Vietnam basically an internal matter and not subject to negotiation between the two states. The establishment of diplomatic relations with the Republic of China and the exchange of Ministers was apparently delayed by the Vietnamese Government in order to give it time to promulgate its program of nationalization of Chinese residents in Vietnam.

2. Immigration Controls. Under the Sino-French Treaty of 1935 Chinese immigrants were required to have passports from the National Government of China properly endorsed with a visa and prior approval by the relevant Chinese consulate. In 1949 additional requirements were established under which the Chinese immigrant had to provide proof that he had a place to live, that he was employed, and that he had a trade. In addition he had to be able to pass a rigid medical examination. In 1950 the Government of Vietnam agreed to take over management of immigration from French officials and, until a new treaty was concluded, to abide by existing agreements between France and Nationalist China on immigration policy.

3. Citizenship Requirements for Ethnic Chinese. The Vietnamese Government is attempting to force all Chinese born in Vietnam to accept Vietnamese citizenship. A nationality law passed late in 1955 defined as Vietnamese citizens, without power to repudiate such citizenship, all children born in Vietnam of a Vietnamese mother and a Chinese father and all children born of Chinese parents one of whom was born in Vietnam. In August 1956 a decree was issued revising this article of the nationality law to the effect that a child born in Vietnam whose parents are of Chinese origin is Vietnamese. The new decree further states that with certain minor exceptions children born in Vietnam of parents of Chinese origin prior to the promulgation of this decree also are Vietnamese citizens. The literal application of the provision conferring Vietnamese nationality upon all persons born in Vietnam of Chinese parents would mean half or more of all Chinese residents would be considered as Vietnamese citizens. The government has attempted to force the Chinese residents to register as Vietnamese citizens, but only a small proportion have complied.

Before the recent government attempt to nationalize the Chinese, the Chinese nationality law that the citizenship of a child is determined by the citizenship of the parents had been carried to an extreme in Vietnam. Persons whose ancestors had come to Vietnam from China several centuries ago, and who were otherwise completely integrated in the Vietnamese community (for the most part in rural areas), reportedly still avoided payment of taxes and registration for conscription by claiming Chinese nationality.

4. Restrictions on Property Rights. The transfer through gift or sale of real estate, business enterprises, or concessions on public lands to foreigners in Vietnam requires the prior authorization of the president. The rental of such properties for longer than 10 years or the transfer out of Vietnam of equipment from industrial, handicraft, or agricultural enterprises must be similarly authorized. Sales of property by foreigners to Vietnamese are also subject to government authorization. The controls on acquisition of property by foreigners were instituted in 1956 primarily to prevent the Chinese from acquiring French properties up for sale. Controls on sale of property to Vietnamese was established to prevent fictitious sales of assets by French interests to Vietnamese in an effort to qualify for disinvestment transfers while maintaining actual control of the property. In the past the Chinese were granted the right to acquire and possess both rural and urban real estate under the Sino-French Treaty of 1946.

5. Economic Role. Under the terms of the 1935 treaty, Chinese were authorized to engage in agriculture, fishing, coastal and inland navigation, commerce and industry on a most favored nation basis. Until 1956 the Chinese were excluded from only a few occupations. In September 1956, however, a decree was promulgated prohibiting foreigners or foreign associations or companies in Vietnam from engaging in 11 occupations: 1) trade in fish and meat, 2) trade in coal and firewood, 3) trade in groceries, 4) trade in gasoline, kerosene and oil (except importing firms), 5) pawn shops, 6) trade in fabrics and silks (unless inventories of 10,000 meters or more for all categories are carried) and trade in yarns etc., 7) trade in iron and copper scrap, 8) rice milling, 9) trade in grain, 10) transport of goods and passengers by cars, ships or junks, and 11) commission agents. Foreigners presently practicing these trades must cease within six months for categories one through seven and within one year for those from eight through eleven.

The interpretation of this ordinance by the government has made it clear that the decree was directed entirely at the Chinese and is part of the government's program to force them into acceptance of Vietnamese citizenship. The occupations from which foreigners are excluded are for the most part those in which the Chinese are dominant. The government has announced that Chinese who become Vietnamese citizens under the new nationality law may continue in the prohibited professions as full-fledged Vietnamese. Also, foreign husbands are permitted to transfer property to their Vietnamese wives and thus continue their business activities, but no Vietnamese "front men" will be permitted.

6. Taxation. According to the terms of the 1946 treaty, the Chinese may not be subjected to taxes "more onerous" than those applied to the Vietnamese. In fact, however, they have been subject to higher taxes in some instance, i.e., a per capita tax and a special tax on Chinese commercial transactions. On the other hand, as cited above, some individuals have been able to evade taxes on the basis of their claim to Chinese nationality.

7. Alien Registration Requirements. In 1885 a system of personal identity cards for Chinese, issued annually in exchange for payment of a tax, was instituted by the French and this system has remained essentially the same to the present time. The census of foreigners decreed in September 1956 requires all foreign nationals to present proof of their nationality, register with the government, and report any changes of address. The time limits for registration, however, were not stated in the decree and apparently have not been fixed.

8. Residence and Travel Restrictions. In the past there have been no restrictions on the residence of foreigners in Vietnam. In connection with the present government program of nationalizing the Chinese, however, various government officials have stated that consideration is being given to prohibiting foreigners from establishing permanent residence and permitting them to remain in Vietnam only on the basis of visitors' visas requiring reneval every three months.

Chinese are required to obtain exit and entry visas from the Vietnamese Government for travel abroad. It is apparent from complaints in the press that the government has restricted the issuance of such visas to Chinese, thereby limiting their freedom to travel outside Vietnam.

9. Governmental Control of Chinese Education. See section B 5 above.

D. Political Orientation

During the civil war in Vietnam the Chinese were anxious primarily about the return of stability in order to permit their businesses to prosper and were unwilling to take sides between the Vietnamese Government and the Communist "Democratic Republic of Vietnam." Similarly, the majority of Chinese in Vietnam have not taken a strong stand in favor of either Nationalist or Communist China. Currently they appear to be inclined toward the National Government as their best bet for continued peace and prosperity, but this situation might be radically changed by a serious threat to good business opportunities and their identity as Chinese. The recent Vietnamese Government actions, if implemented literally and without the Chinese Government having been allowed at least to save face, may afford the Chinese Communists a new opportunity to gain influence among the Chinese minority in Vietnam.

1. Attitude toward Government. In the past the Chinese have not actively supported the Vietnamese Government and the vast majority of Chinese remain uninterested in political matters. When it became apparent after the ceasefire that the Diem Government would retain control of South Vietnam and offer a relatively stable political climate in which business could prosper, the leaders of the Chinese community made a number of gestures of support for the government, undoubtedly hoping to counteract the latter's hostile and suspicious attitude. The current attempt to force the

assimilation of the Chinese, however, has aroused considerable hostility toward the Vietnamese Government which will probably increase unless some compromise is reached.

2. Attitude toward Communist China. At the end of World War II Nationalist-oriented Chinese elements in Vietnam had an unprecedented apparent strength, particularly given the support of the Government of China, newly accepted as a major power and indeed occupying northern Vietnam on behalf of the allied powers. The period from 1947 through 1950, however, witnessed a rapid growth of Chinese Communist influence. This probably derived more from the pressure exerted on Chinese in Vietnam by the Vietnamese Communists and the local Chinese Communist Party acting in close collaboration with them than from the attraction of the Chinese Communist program. Pro-Nationalist groups kept up only token activity in this period, and there appears to be no reason to doubt reports that up to 70 percent of the Chinese community was under Communist influence of one sort or another. The great majority were associated with front groups (notably student and labor organizations) rather than with the Chinese Communist Party itself.

A remarkable reversal of the situation took place in 1950 and 1951. The clarification of the US position concerning Taiwan gave new inspiration to the Nationalist authorities both there and in Vietnam, with the result that they made a new and determined effort to combat Chinese Communist activities in Vietnam. A new non-Communist nationalist government was established in Vietnam and the French secured a series of military successes, leading the Chinese to reflect that perhaps a Communist victory in Vietnam was not inevitable. Locally, improved and intensified security and police measures led to the capture and expulsion of certain important Chinese Communist leaders and a marked decrease in overt Chinese Communist activities. News from relatives in South China destroyed any illusions among more mature local Chinese concerning the new regime on the mainland. Finally, the local Chinese Communist organization split into two factions which further accelerated the decline of the party among the undecided.

In subsequent years the overt and front activities of the Chinese Communist Party in Vietnam have continued to decline steadily. The withdrawal of regular Vietnamese Communist forces in 1954 from South Vietnam and the subsequent consolidation of authority by the Diem Government have further reduced the chances of large-scale propaganda activity and formation of front groups by the Chinese Communist Party. Simultaneously, however, the partial disruption of the French intelligence network and the predominant concentration of Vietnamese agencies on Vietnamese Communists and non-Communist dissidents have reduced the information available concerning the relatively quiescent Chinese Communists. It is probable that a well-organized cadre remains in place and ready to profit from any important disaffection of the local Chinese from the Nationalist authorities and the Vietnamese Government.

Currently, the Chinese Communists in South Vietnam are seeking support among the local Chinese by appealing to their national pride, having abandoned wartime tactics of encouraging active participation in the Vietnamese Communist struggle against the French. The present crisis in relations between the Chinese minority and the Vietnamese Government has provided an excellent opportunity for the Communists to magnify grievances against the Vietnamese Government and the ineffectiveness, so far, of the Chinese Nationalist Government in protecting the interests of the local Chinese may well encourage them to regard Communist China more favorably.

3. Attitude toward Nationalist Government. Overtly the local Chinese community is overwhelmingly pro-Nationalist. Nationalist holidays are celebrated with virtual unanimity and with as much enthusiasm as the Vietnamese authorities will permit. The Chinese Legation and the local Chinese community leaders maintain extremely close relations, and the increasing frequency of contacts between the local Chinese and Taiwan, plus the growing disillusionment concerning developments in the mainland, suggest that, barring some extreme development in the relative positions of the Republic of China and Communist China, the former may expect to benefit by an increase in its actual (as distinguished from apparent) popularity in Vietnam. As noted above, however, the situation could change radically if the Vietnamese Government is successful in carrying out fully its present program of nationalization thereby demonstrating the impotence of the Republic of China in the protection of its nationals.

The strong anti-Communist stand of the Vietnamese Government has given Nationalist China considerable advantage over Communist China with regard to propaganda media and organizations. Nationalist China has been officially recognized by Vietnam and a diplomatic mission has recently replaced the Consulate General in Saigon. The first Chinese Minister to Vietnam, Yuan Tzu-chien, arrived in Saigon January 8, 1957. In addition to the Legation at Saigon, there is a Chinese Consulate at Hue in Central Vietnam. The Chinese Legation and the ostensibly non-political community control organizations such as the congregation offices and the Chamber of Commerce are at present the effective leadership agencies of the local Chinese community. Although individuals connected with certain congregation offices and with the Chamber of Commerce are sometimes included in lists (of unknown reliability) of alleged Chinese Communists or sympathizers, these organizations are considered largely clear of active Communist influence.

The Kuomintang in Vietnam has never recovered from its post-World War II decline during the period of widespread Communist influence among the Chinese and Republic of China representatives have turned their efforts toward other Chinese civic organizations, primarily the Chamber of Commerce, the congregations, schools, and the Nationalist-oriented labor groups, as

media for inculcating anti-Communist sentiment in the population. At the present time, according to officials of the Chinese Legation, the KMT has about 2,000 members in the Saigon-Cholon region, and nine other branches in various provinces of South Vietnam. Most of the provincial sections existed in name only until the ceasefire of 1954, and their present situations vary considerably depending largely on the attitude of the local Vietnamese authorities. The Saigon-Cholon branch of the KMT does not, generally speaking, play an important role in the local Chinese community.

The Chinese press in South Vietnam is necessarily bound to the anti-Communist viewpoint both by Vietnamese Government censorship and by close scrutiny of the Legation and the KMT local branch. There are 11 Chinese-language newspapers in South Vietnam, all published in Cholon, with a relatively large circulation by Vietnamese standards not only in South Vietnam but also in Cambodia and Laos.

VIVI. CAMBODIA

A. Popular Attitude toward Chinese Minority

In Cambodia the Chinese are reported to be generally well-liked and accepted even to the extent of being actively assimilated into society. The rate of intermarriage between Chinese and Cambodians has been higher than in most of the Overseas Chinese communities. There are estimated to be some 250,000 Chinese in Cambodia and perhaps another 50,000, superficially assimilated Sino-Cambodians. In addition there are numbers of more authentic Sino-Cambodians whose assimilation goes back more than one generation and who are products of intermarriage. These cannot properly be included in the Chinese population statistics, but it is worthy of note that the intermixture is of major proportions.

The economic position of the Chinese has inevitably caused some resentment and envy evidenced mainly in pressure on the government to restrict certain occupations and trades to Cambodians.

1. Overseas Chinese Economic and Political Influence. The largest number of Chinese, probably about 125,000, reside in Phnom Penh and in the surrounding Kandal Province where they are active in all kinds of trade and commerce (e.g., import and export, transportation, banking, wholesaling, retailing). The next largest Chinese communities are in Kampot Province (about 25,000), Battambang, and Kompong Cham (each about 15,000), with smaller ones in the provinces of Prey-Veng, Takeo, Pursat, and Kompong Chhnang. In Kampot, the Chinese are particularly important in pepper-growing, in Kompong Cham in the timber trade, and in Battambang in the rice-milling business. Throughout the country, the Chinese moneylender is the principal source of the peasant for cash advances, usually at usurious rates. In addition to their importance in wholesale and retail merchandising, the Chinese have a virtual monopoly on bus transportation in Cambodia.

The Chinese are organized in five "congregations" that are virtually self-governing and function in some respects as executive agents of the Cambodian Government. The Chinese population has characteristically remained aloof from politics, but a tendency to reflect the political orientation of of the government has led to increasing opportunities for Communist-inspired political activity in the wake of Prince Sihanouk's recent drift toward relations with Communist China. The economic power of the Chinese community gives the congregations considerable influence in dealings with the government and adds significance to the recent tendency toward more active political interest.

2. Social Position. The Chinese tend to live apart from the Cambodians. There are Chinese communities in each Cambodian town and in most villages, and they are almost invariably voluntarily segregated from the Cambodian

section. The wealthiest and most solidly established Chinese are Cambodian nationals or Sino-Cambodians, some of whom are influential in Cambodian politics and linked to the court, but still retain substantial influence in the congregations.

B. Governmental Attitude toward Chinese Minority

The Cambodian Government so far has continued to respect the semi-autonomous status of the Chinese which was established prior to independence. This status is presently under scrutiny by the Cambodian Government.

1. Assimilation Potential. In view of the assimilation which has taken place to date, it would appear possible that the process would continue until the entire Chinese community had been assimilated. However, a leader of one of the larger congregations described the majority of his community as "restless, many of them thinking of going back home, and hard to assimilate." The largest congregation also contains elements that would return to mainland China if this were possible. From the standpoint of the Chinese themselves, the attractiveness of assimilation would probably be increased should diplomatic relations be established between Cambodia and Communist China. From the Cambodian point of view, however, the dramatic shift in sentiment within the Chinese community toward Communist China within the past year has alerted the government to the prospect of increasing subversive activity. It may therefore be less inclined to take those measures, such as improvement of educational facilities available to Chinese, that would be necessary to encourage a more rapid trend toward assimilation.

2. Participation in Local Political Activities. The extent of participation tends to vary with the degree of assimilation. In general, the Chinese nationals participate in the activities of the congregations, but not directly in Cambodian politics.

3. Role in Civil Service, Police, and Armed Forces. The role of Chinese nationals in the civil service, police, and armed forces in Cambodia has probably been limited by their status as foreigners and by the semiautonomy granted to the Chinese community.

4. Status of Chinese Organizations. The Chinese congregations were organized in 1891 and were given official status in a decree issued by the French administration in December 1935 which vested considerable power and responsibility in the congregation leadership. The decree provided for establishment of Cantonese, Fukien, Teochiu (Trieu Chau), Hakka, and Hainan congregations and for election of their leaders at four-year intervals. The actual leaders were chosen by the French administration from a panel selected by the Chinese. All tax-paying Chinese residents are entitled to vote for the panel. The Chief of the Five Congregations carries the most prestige of any single individual within the Chinese community, but does not necessarily wield the greatest administrative or political power.

In Phnom Penh, each of the five congregations maintains a separate organization, but in provincial towns two or more are frequently combined in a single organization, e.g., in Battambang the Teochiu and Fukien groups are combined in one congregation and the Cantonese, Hainan, and Hakka in another. The Teochiu congregation is the largest in Cambodia and the Cantonese next in importance. Of the 125,000 Chinese in Phnom Penh, about half are Teochiu and some 25,000 are Cantonese.

The congregations are responsible for the payment of taxes and fines by their members to the Cambodian Government and are authorized to levy taxes of their own for administrative expenditures. They are required to keep records of all members, and if any member is expelled from the congregation he is automatically expelled from Cambodia. The congregations not only collect taxes from all Chinese but also electricity and water bills. They cooperate with the police in tracing Chinese nationals suspected of criminal acts and function as adjuncts to the Cambodian Government in judicial as well as law-enforcement matters. Arrest warrants are communicated to congregation chiefs by the Cambodian authorities, and minor disputes are usually adjusted by the chiefs without resort to Cambodian courts.

Important community activities of the congregations include management of the following organizations: The Chinese Education Association, the Chinese Public Hospital, the Chamber of Exporters and Importers, a gymnasium, and a public library.

5. Policies toward Chinese Education. Under the congregation system, the Chinese maintain their own school system which includes 22 schools in Phnom Penh with a total enrollment of 7,800. In addition, there are Chinese schools throughout Cambodia wherever there are sizable Chinese communities. The total number of Chinese students in Cambodia is estimated at 26,000. Secondary school facilities, however, are inadequate and opportunities for higher learning are completely absent within the Chinese community. According to Cambodian law, every foreigner in possession of a residence permit and with five years' residence to his credit has the right to send his children to the free state schools to which entry is by competitive examination. Thus a fair number of Chinese go to Cambodian middle schools, but these facilities are sufficient to accomodate only a fraction of those desiring to obtain more than a basic education.

Without minimizing the political significance of the unsatisfied Chinese demand for educational opportunities, it may be noted that facilities available to the Chinese are roughly equivalent to those available to Cambodian children. Although some 350,000 Cambodian children (in a population estimated at about 4,500,000) are reported attending school, most of these attend poorly equipped, overcrowded village schools with inadequately trained teachers, and for limited periods. In 1955, only 12,000 presented themselves for primary school certificates; of those no more than 2,400 could be admitted to secondary schools, and a projection of present enrollment figures suggests that fewer than 100 of these will complete the equivalent of the 12th grade.

6. Subversion. Before 1956, there was relatively little evidence of subversive activity within the Chinese community. Communist propaganda was prohibited and no overt manifestation of Communist sympathy was permitted, even though the government took no forceful action against known Communist agents among the Chinese. As noted below in Section D, however, the shift in the government's attitude toward international Communism (manifested in the exchange of visits between Prince Sihanouk and Chou En-lai, acceptance of aid and trade agreements with Communist China, and establishment of the first Communist diplomatic missions) induced a substantial and rapid change of attitude within the Chinese Community. At the same time, this trend opened up new possibilities for subversion.

The intensified political interest evident among the Chinese and the rapid spread of propaganda sympathetic to Communist China alarmed some government leaders. Generally aware of growing Communist influence in important Chinese organizations, the government has undoubtedly attempted to intensify surveillance of suspected subversives. At the same time however, it has apparently been deterred from forceful suppressive action by its commitment to a policy of "friendship" toward all nations and its acceptance of economic assistance from Communist China. It has not taken effective action to cope with the Communist activities that make up the present preliminary stage of intensified subversion: increased propaganda in all media; exploitation of Cambodian links with Communist China to create a "wave-of-the-future" image among the Chinese; and intensified efforts to gain control or influence over the congregations, school facilities, and commercial organizations.

In practice, therefore, the Cambodian Government has been ambivalent, fluctuating, and at some times self-contradictory in its actions.

In the period immediately following arrival of the Chinese Communist economic delegation in Phnom Penh, for example, the government discouraged contacts between its members and the local Chinese; more recently this resistance has softened and the Chinese Communist officials are becoming more active within the local community. Just before Chou En-lai's visit to Cambodia late in 1956, the government warned repeatedly against foreign propaganda and the efforts of outsiders to recruit political support within Cambodia; it then proceeded to organize an overwhelming public display during the visit, taking leading anti-Communist Chinese into temporary custody and using the Chinese schools to mobilize demonstrations despite prior police orders against granting school holidays.

During his visit, Chou encouraged the Chinese to behave as "good citizens" of Cambodia, apparently seeking to allay Cambodian fears of outside political pressures. Such admonitions are more likely to represent a cover for increasing subversion than to portend any slackening of the "peaceful penetration" that now characterizes Chinese Communist tactics throughout the Southeast Asian area.

C. Legal Status

In 1935 a Sino-French agreement granted the Chinese in Cambodia most-favored-nation treatment and the legal status of the Chinese minority was further improved by the Sino-French treaty of 1946. In the absence of any specific action abrogating these treaties, it is assumed that their provisions are still in effect in Cambodia, except that some provisions are no longer operative because of subsequent legislation and Cambodian-French agreements. Article 4 of the 1946 treaty stated, for example, that "Chinese nationals in Indochina will enjoy, in matters of legal procedure and the administration of justice, the same treatment as French nationals." The French no longer enjoy their special juridical status, thus depriving the Chinese of the legal basis for the semiautonomy which, in practice, they still enjoy in some respects.

1. Immigration Controls. Under the 1935 treaty Chinese immigrants to Indochina require passports from the National Government of China properly endorsed with visas and prior approval from the relevant Chinese congregation. In 1949 additional requirements were added. The Chinese immigrant is also required to provide proof that he has a place to live, that he is employed, that he has a trade, and he has to pass a rigid medical examination. The Chinese congregations have to make recommendations to the Nationalist Chinese Consul in Phnom Penh regarding issuance of passports to any of their members. They thus control the legal travel of all Chinese in Cambodia.

2. Citizenship Requirements for Ethnic Chinese. No information is available on laws for nationality or naturalization in Cambodia.

3. Restrictions on Property Rights. Although the 1946 treaty states that Chinese will continue to enjoy the "rights, privileges, and exemptions they have traditionally possessed in Indochina" concerning the acquisition and possession of immovable property, both rural and urban, legislation is being drafted restricting real estate ownership to Cambodians only. There is no indication so far, however, that foreign owners will have to relinquish present holdings.

4. Economic Role. According to the 1946 treaty, "the treatment which Chinese nationals shall enjoy in Indochina concerning the right ... of engaging in commercial enterprises, industrial enterprises and mining ... will not be less favorable than that enjoyed by a more favored third country." The government, however, has placed many restrictions on Chinese participation in various occupations and trades. For many businesses, patents or licenses are issued only to Cambodians, though frequently the latter, lacking capital and experience, sell their patents to the Chinese who then run the businesses. In a recent measure aimed at the widespread attempt of Chinese firms to operate under Cambodian guise, the Cabinet decided only firms that have a majority of of Cambodian capital and a managerial staff comprised of 40 percent ethnic Cambodians shall be considered Cambodian firms. No others may use a name implying the firm is Cambodian.

5. Taxation. Under the terms of the 1946 treaty, the Chinese may not be subjected to taxes "more onerous" than those applied to Cambodians.

6. Alien Registration Requirements. Chinese nationals in Cambodia are required to register with the government and are issued identification cards known as Carte Chinoise.

7. Residence and Travel Restrictions. There are no known restrictions on residence or travel within Cambodia.

8. Governmental Control of Chinese Education. There are no known governmental restrictions on Chinese schools in Cambodia.

D. Political Orientation

1. Attitude toward Government. The Chinese in Cambodia, as in many other overseas communities, have characteristically remained aloof from politics — both internal and international. In Cambodia, this detachment can be attributed not only to their relatively comfortable economic position and the difficulty of maintaining contacts with the homeland, but also to the recently quickened pace of assimilation and the relative tolerance and absence of friction in their communal pattern of life.

It would now appear, however, that this aloofness has stemmed in part from the relative lack of political consciousness of the Cambodians, suggesting that the Chinese tend to react to the general political climate that surrounds them. Following Cambodia's achievement of independence and, particularly, in the wake of Prince Sihanouk's efforts to carve out an international role for Cambodia, the Chinese have manifested increasing political awareness. This has erupted most specifically in terms of the same kind of Communist-anti-Communist struggle that occurred earlier in other parts of the region.

The trend toward more intense political interest has already made itself felt in intra-communal political activity and in terms of greater sensitivity to the international aspects of the world struggle against Communism. There has thus far been little evidence of Chinese efforts to assume a more direct role in Cambodian national political life, except that, reactively, the behavior of the Cambodian Government — both toward the Chinese and toward neighboring countries — has been the principal cause of a marked shift in Chinese orientation favorable to the Communists.

2. Attitude toward Communism and Communist China. Like the Chinese elsewhere, the community in Cambodia seems to feel a strong sentimental attachment to the homeland and to be guided by pragmatic estimates of probable power shifts in forming their own political preferences. These characteristics create a substantial vulnerability to Communist subversion even though there is no evidence that Cambodian Chinese are attracted to Communism as a political doctrine or specifically to the Peiping regime.

These vulnerabilities have been dramatically exploited during the past year. Both direct contact with the Chinese Communists and increased awareness of the Chinese Communist "presence" as a power factor in Asia have come in large measure because of actions of the Cambodian Government -- Sihanouk's trip to Peiping in February and Chou En-lai's return visit in November; acceptance of the Chinese Communist aid mission (which has been accorded quasi-diplomatic status); and tolerance of increasing propaganda within the Chinese community sponsored by the Chinese Communists or favorable to their interests.

The repercussions of these actions have been felt in almost all spheres of Chinese life. The most serious developments concern leadership within the five congregations and in the Chinese schools.

In the Teochiu congregation the authority of the staunchly anti-Communist leader has been severely eroded and there is every reason to believe that if he were to yield to Communist pressure and resign, a Communist would be elected in his place. The vice leader of the congregation did resign and was immediately replaced by a pro-Communist. Similarly, Communist influence is strong in the Fukien congregation and if elections were held, the present anti-Communist leaders might well be replaced by pro-Communists. The Hakka congregation is totally controlled by the Communists; both the leader and vice leader are Communists. The Canton and Hainan congregations are led by anti-Communists and have been somewhat more successful than the other groups in resisting Communist inroads.

Perhaps the greatest Communist success has been in the schools. The Teochiu school in Phnom Penh, the largest Chinese school in the country, recently passed to Communist control, although not without substantial opposition being recorded. All other schools in the Teochiu congregation are also controlled by Communists or pro-Communists. The Sung Ching school of the Communist-led Hakka congregation is, of course, Communist-oriented. The Communists have been extremely active in the Fukien school board and have made some headway there. The Cantonese school has been the battleground between a vigorous Communist minority and an inactive majority of non-political or anti-Communist students, but the congregation leaders have reacted vigorously and expelled the pro-Communist students. The only school operated by the Hainan congregation is still in the hands of a non-Communist.

Quantities of up-to-date Chinese Communist textbooks have been delivered in recent months, and are reportedly in use in many provincial schools as well as in two of the four Phnom Penh Middle Schools. Non-Communist textbooks, by contrast, are primarily reprints of Kuomintang-approved books, none published more recently than 1951 and some dating back to 1933.

Numerous sources report an increase in student travel to Communist China, particularly since the middle of 1956. Whereas the Embassy believes that perhaps 100 Cambodian Chinese had gone to the mainland for study before 1956 and other sources report no more than 100 per year, a non-Communist source states that departures for the mainland reached 200 - 300 a month

during August and September 1956, approximately 80 percent being students. Only a few of these students, some of them disillusioned by their experiences, are known to have returned to Cambodia.

By late 1956, there were four pro-Communist Chinese newspapers publishing in Phnom Penh. There has been a phenomenal increase in bookstore outlets — 25 in Phnom Penh alone at last report, of which 23 handled Communist materials. The Cambodian Government has softened its policy on admission of Chinese Communist films.

The Communists have also had growing success in securing financial contributions from Chinese merchants in Cambodia, and this trend is a disturbing indication of weakening resistance among the most influential element in the Chinese community.

USIS in Cambodia has estimated that total Communist propaganda expenditures in Cambodia rose from about $75,000 in 1955 (with most of that figure expended in a one-short effort during the September national election campaign) to some $345,000 in 1956. Although these figures include domestic and European bloc expenditures, it is probable that the major portion of the activity was conducted by Chinese Communists and that the Chinese community in Cambodia is now their major target.

3. Attitude toward Nationalist China. Efforts to mobilize or maintain non-Communist organizations within the Chinese community face increasing difficulties, in the wake of the Cambodian Government's progressive drift toward relations with Communist China and the Chinese community's resulting accommodation to intensified Communist agitation. The Chinese sense of national solidarity apparently applies to Taiwan only to a slight extent and there has been only a lukewarm feeling toward the Chiang Government.

While French rule continued in Cambodia, Nationalist China maintained a consul in Phnom Penh who, in conjunction with congregation leaders, exercised considerable influence. The consul continues to reside in Phnom Penh and has generally been permitted to continue his functions — most importantly with respect to issuance of legal travel documents. But lacking a proper exequatur by the Cambodian Government, he leads a shadowy legal existence, and his influence has declined precipitously since the Chinese Communist economic delegation arrived and was recognized by the government as an official mission.

The Kuomintang organization in Phnom Penh, with an official strength of 400, continues to oppose Communist infiltration and to encourage orientation of the local Chinese toward the Nationalist Government. The recent increase in Communist influence within Chinese organizations has been contested by anti-Communist elements, with particular vehemence in the case of some of the school faculties and in continuing struggles between pro- and anti-Communist newspapers.

Chinese leaders in Phnom Penh, and the local consul, have been unable to obtain foreign exchange privileges to permit many Chinese students to go to Taiwan. Available information suggests that only 12 Cambodian Chinese students left for Taiwan in 1953, 15 in 1954, and 25 in 1955. Occasional delegations of Cambodian Chinese continue to visit Taiwan, however, and the Nationalist Government has reportedly sent officials of the Overseas Affairs Department to assist local leaders in continuing anti-Communist activities. The highlight of 1956 was a visit to Phnom Penh by Chinese Foreign Minister George Yeh, in June. The Cambodian Government received him somewhat gingerly, however, and the Nationalist Government suffered by comparison with the elaborate reception of Chou En-lai in November.

IX. LAOS

A. Popular Attitude toward Chinese Minority

There is no appreciable anti-Chinese sentiment in evidence in Laos, and the Chinese seem to have established close relationships with the Lao. The relations of the Chinese with Lao Government officials also appear good, although some Chinese merchants feel that Lao are favored over Chinese in some business transactions negotiated by the Lao Government.

There are an estimated 30,000-40,000 Chinese in Laos, distributed predominantly in the larger cities and towns. About 10,000 Chinese live in Vientiane Province, of whom perhaps half reside in the capital city. The principal group, comprising an estimated 60 percent of the total Chinese population, trace their origin to the Swatow region of Kwangtung Province and are represented in all the major towns. The Hakkas comprise approximately 20 percent of the Chinese population, and the remainder are Cantonese, Hainanese and Yunnanese.

1. Overseas Chinese Economic and Political Influence. The importance of the Overseas Chinese in Laos derives from their influential position in the business community, where they predominate as small shopkeepers affiliated with import-export and wholesale firms. The position of the Chinese varies according to locale, but in Vientiane it is estimated that they hold controlling interests in at least 80 percent of the shops and have important investments in larger enterprises such as the Thai Lao Company (the major export-import firm), bottling factories, saw mills, and rice mills. Some 283 Chinese-owned firms are registered with the Vientiane Bureau of Commerce, and the Chinese Chamber of Commerce is said to be the largest Chinese organization apart from the dialect groups themselves, in the city. Although the Chinese represent only about one or two percent of the population, their importance from an economic viewpoint is rather striking in contrast to their numbers.

2. Social Position. The Overseas Chinese in Laos, as in other Southeast Asian countries, tend to live apart from the rest of the population and their semiautonomous status under the congregation system encourages this tendency.

B. Governmental Attitude toward Chinese Minority

The Lao Government apparently has continued to respect the semiautonomous legal status of the Chinese community established under the French.

1. Assimilation Potential. No information is available concerning the extent of assimilation of the Chinese minority. Although the absence of anti-Chinese sentiment among the Lao people might be considered likely to encourage assimilation, it is doubtful that there are any important incentives for assimilation on the Chinese side, given the relatively tolerant attitude of the host government and people.

2. Participation in Local Political Activities. The Chinese, in general, do not participate in local political activities, and the majority do not possess the requisite qualifications for voting in the national elections.

3. Role in Civil Service, Police, and Armed Forces. The role of Chinese nationals in the civil service, police, and armed forces in Laos probably has been limited by their status as foreigners and the semiautonomy granted to the Chinese community.

4. Status of Chinese Organizations. Traditionally, the Chinese in Laos, as in Vietnam and Cambodia, have been organized into five "congregations" according to their provincial origin and dialect. These congregations were given official status by the French and considerable power and responsibility was vested in their leaders. The congregations in Laos, alternatively known as Groupements Administratifs Chinois, continue to be responsible for representing the varied interests of the Chinese community, but little is known about the precise functioning of these organizations at the present time. There is little apparent friction between the dialect groups, and a single representative frequently speaks for the Chinese in dealings with the Lao Government in Vientiane as well as in smaller communities.

5. Policies toward Chinese Education. Only limited data are available concerning Chinese education in Laos. There is apparently but one Chinese school in Vientiane, with enrollment variously reported from 600 to 850 and a teaching staff of 19. This school provides training through high school level. The majority of the staff is reportedly now pro-Communist, although available information indicates that Chinese Nationalist textbooks procured from Saigon or Taiwan are still in use. The books are apparently old, however, as congregation leaders were seeking 5,000 new non-Communist texts and reference books in the fall of 1956.

The congregations support the Chinese schools, apparently without interference of the Lao authorities.

6. Subversion. Opportunities for Communist subversion within the Chinese community in Laos are apparently increasing, in the wake of the Lao Government's adoption of a neutral foreign policy and as the Overseas Chinese become aware of trends within the Chinese community in Cambodia. As noted above, the majority of the teachers in the Vientiane school are considered pro-Communists, and they are reportedly active in encouraging capable students to go to Communist China for further training. As in other countries, Chinese businessmen are being solicited for contributions as an "investment" in Communist China's economic growth, and several firms in Vientiane reportedly have Communist connections. Students traveling to the China mainland are apparently used to transmit intelligence reports prepared by agents in Laos. Subversive agitation among the Chinese is perhaps most advanced in the northern provinces adjacent to Yunnan, but no reliable recent information is available on this area. A refugee group in northeast Laos, numbering several hundred, is apparently anti-Communist, having traveled from North Vietnam since 1954 to escape Communist rule.

The Lao Government is known to be concerned about subversive activity among the Chinese as well as the Vietnamese minority. Overt Communist propaganda activity is not permitted and the police attempt to maintain surveillance of suspected Communist agents, but the government is probably unable to prevent clandestine organization of Communist cells. In addition to the Chinese school in Vientiane, the communities in Thakhek and Pakse are reported to be centers of Communist infection.

Future vulnerability to subversion will depend largely on the policy and attitude of the Lao Government, which in turn will be heavily conditioned by the outcome of current negotiations with the Communist-led Pathet Lao.

C. Legal Status

As in Cambodia, in the absence of any specific action abrogating the Sino-French treaties of 1935 and 1946, it is assumed that in practice their provisions are still in effect (for details on these treaties see the section on Cambodia).

1. Relevant Treaties. The Sino-French Treaty of 1946.

2. Immigration Controls. No information is available concerning immigration controls in Laos, but it is assumed that a system, similar to that in Cambodia, by which prospective immigrants must be approved by the Nationalist Chinese Government and the Chinese congregations in Laos, is in effect.

3. Citizenship Requirements for Ethnic Chinese. Under the Nationality Law of 1953, children born in Laos of two Chinese parents are not Lao nationals. But children of mixed Sino-Lao parentage may elect Lao nationality when they reach their majority. Children of mixed parentage, who were over 18 years of age in April 1953, were Lao nationals unless they elected another nationality within one year.

4. Restrictions on Property Rights. The Chinese apparently enjoy property rights without restriction in accordence with the terms of the 1946 treaty.

5. Economic Role. The only known restriction on Chinese economic activity is a reported regulation that no more than 25 percent of import licenses be issued to foreigners, a restriction that the Chinese circumvent to some extent by using "dummy" Lao firms or hiring Lao associates.

6. Taxation. Under the Sino-French Treaty of 1946 the Chinese may not be subjected to higher taxes than the Lao.

7. Alien Registration Requirements. The congregations provide identification cards to overseas Chinese.

8. Residence and Travel Restrictions. There are no known restrictions on residence or travel within Laos. Reportedly, however, Chinese nationals have considerably more difficulty than Lao citizens in obtaining permission from the Lao Government to travel to other countries. Although the Chinese Nationalist Government has consular representation in Laos, its officials reside in Saigon. Lao going abroad, whether to Communist China or elsewhere, normally travel through Thailand.

9. Governmental Control of Chinese Education. There are no known governmental restrictions on Chinese schools in Laos.

D. Political Orientation

1. Attitude toward Government. The Chinese in Laos are reported to be much more content with their status than Chinese residents of Thailand or South Vietnam. They maintain close relationships with Lao Government officials and frequently visit and entertain them.

2. Attitude toward Communist China. Chinese leaders have preferred to remain on the fence politically and have actively taken sides with neither the Chinese Nationalists nor the Chinese Communists. Celebration of both the Chinese Communist October 1 holiday and of the traditional "Double Ten" on a limited scale seems symptomatic of the political division within the Chinese community and of the tolerance of congregation leaders for political activity by both Communist and anti-Communist groups. The Lao Chinese are exposed to overt propaganda from both Communist and non-Communist sources. Newspapers reach Vientiane from both Saigon and Bangkok, and Lao Chinese reportedly listen to Chinese radio broadcasts from Saigon as well as from Peiping.

Some Chinese in Laos are said to be impressed by what they interpret as a softening of Chinese Communist policy toward property owned by Overseas Chinese on the mainland and previously confiscated. This attitude, and the reported contributions made by Chinese businessmen to Chinese Communist causes, suggests some softening of resistance to Chinese Communist approaches. Small numbers of Chinese students are also being drawn to the mainland (groups of 10 or 15 are reported traveling through Thailand from time to time), apparently as a result of inducements offered by pro-Communist teachers, but probably primarily as a result of the absence of higher educational facilities in Laos.

3. Attitude toward Nationalist Government. The Chinese community has passively accepted Chinese Nationalist sponsorship, principally in obtaining passports from Saigon and Bangkok for travel purposes. The Nationalist Chinese Legation in Saigon provides liaison between the Chinese community in Laos and Nationalist China as it did before the independence of Laos. Laos has not officially recognized either Nationalist China or the Peiping regime.

Chinese congregation leaders are reportedly mildly pro-Kuomintang, but their effort to avoid overt commitment is reflected in a reported refusal to permit an anti-Communist group of Chinese to travel to Taipei in 1956 to seek help for their efforts.

The present relative balance in sentiment within the Lao Chinese community is likely to be affected more by changes in the orientation of the Lao Government and by regional developments affecting the status of the Peiping regime and the National Government of China than by the thus far limited organizational and subversive efforts directed by the Communists toward the Chinese community in Laos.

X. THE PHILIPPINES

A. Popular Attitude toward Chinese Minority

Attitudes among Filipinos toward the Chinese vary greatly among individuals and are influenced by such factors as regional differences and economic position. In general, however, the Filipino people have an attitude toward the Chinese which is compounded of envy of their wealth, respect for their thrift and industry, and suspicion and ridicule of their different culture.

In outlying barrios (villages), the Chinese shopkeeper usually is regarded as a good marriage prospect for eligible females, while the Chinese middleman handling agricultural marketing is disliked but respected for his services and aloofness in performing vital functions. Among the wealthier classes, there is apt to be tolerance of the rich Chinese business colleague, largely because of the latter's willingness to make donations to charity drives and to distribute bribes. In the southern part of the archipelago, Moros apparently are tolerant of Chinese middlemen and Christian Filipinos are likely to stand in awe and respect of the prosperous Chinese merchant.

Anti-Chinese sentiment is sharpest in the cities where it is frequently expressed in mob persecutions, ridicule of the Chinese, and anti-Chinese organizations. The average Filipino knows practically nothing about Chinese culture or its influence on his own, but hears a great deal about Chinese "domination" of the economy. Due to the government's anti-Communist efforts and the press treatment of the Communist menace, no doubt many Filipinos have some suspicions that many Chinese are Communists, potential saboteurs, and spies of a powerful enemy nation.

1. Overseas Chinese Economic and Political Influence. The average Filipino is little concerned with the modicum of political influence exercised by the Chinese community. It is widely known that the Chinese bribe officials and make donations to political parties, but the popular attitude toward this is influenced by the knowledge that most rich Filipinos do the same thing, and that the Chinese are interested in obtaining favors rather than moulding political policies or controlling political parties and factions. In the senatorial election of 1955, the qualification of a candidate of Chinese ancestry was questioned on the grounds that he was not a natural-born citizen. Much was made of this as a campaign issue and he finished sixteenth in a field of 16.

It is in the economic sphere that Chinese influence and Filipino attitudes toward this alien minority become significant. The Chinese are a favorite target of wealthy Filipinos anxious to direct away from themselves popular dissatisfaction with unemployment and poverty. The ordinary

Filipino engaged in commercial activity sees the Chinese in the economy as giving him stiff competition, possibly barring his economic advancement. Business-minded Filipinos are impressed by data showing that the Chinese minority handled 20 percent of all foreign trade in 1953, owned 23 percent of the total assets of registered commercial establishments in 1948, and accounted for 27 percent of the total gross sales or receipts of all retail shops in 1948. "Economic emancipation" of the country is their rallying cry and economic nationalism flourishes among this group.

The important role of the Chinese in the marketing and processing of agricultural produce frequently brings them into conflict with Filipino producers and competitors. Again the cry of alien domination is raised, and the Chinese become scapegoats for low prices, unemployment, and rural poverty. A Chinese employer, on the other hand, generally is felt to be a good "boss," and the Chinese moneylender is generally tolerated for his reliability in giving assistance and the fact that his service is frequently superior compared with that of Filipino usurers.

2. Social Position. Social discrimination is not practiced against the Chinese by Filipinos, intermarriage is fully accepted, and many avenues for acculturation of the Chinese exist at all social levels. About one-third of the Chinese in the Philippines are Christian converts, though in the largest cities they have several all-Chinese churches. Many Chinese youths attend Philippine high schools and colleges, and several prominent Chinese businessmen hold membership in predominantly Filipino business and social groups, such as Rotary and Lions. There is scarcely a handful of Chinese in labor unions or rural organizations.

B. Governmental Attitude toward Chinese Minority

For many years and especially since the achievement of Philippine independence in 1946, there have been some discriminatory aspects in Philippine Government's policy toward the Chinese minority. Although legislation embodying restrictions has been directed in a technical sense against all aliens, it actually has been aimed chiefly at the Chinese. It has more heavily affected the Chinese than other aliens although the Chinese probably total only 300,000-400,000, or approximately one and one half to two percent of the population. The Philippine policy has been motivated chiefly by nationalistic considerations, including a belief in the necessity for close control of such a large, energetic, and economically powerful minority group.

Before World War II, the Philippine Government's policy toward the Chinese minority was mainly concerned with restricting economic activities in the interests of Filipinos and in reducing Chinese immigration into the country. Although governmental policy has still emphasized economic and immigration restrictions since World War II, it has become increasingly concerned with Communist influence among the Chinese minority. Since the establishment of an independent Philippine Republic in 1946, Filipino

legislators have made and probably will continue to make a number of successful and unsuccessful efforts to "nationalize" certain trades and professions.

The Magsaysay administration has shown a desire to place Filipino-Chinese relations on a somewhat higher plane than they have been in the past. Moreover, a few of the leaders of the Chinese community have made some effort to reach an understanding with the government. Magsaysay himself and most government officials, however, possess a fairly strong dislike for the Chinese, which has resulted in the new administration pursuing vigorously various forms of discrimination against Chinese economic activities. After the passage of the Retail Trade Nationalization bill in 1954, the Philippine Government lessened somewhat its nationalization drive but discriminatory attitudes prevail.

1. Assimilation Potential. Chinese in the Philippines have maintained their identity as Chinese although there has been considerable intermarriage with Filipinos in the past and some of the Chinese have become Philippine citizens. In most instances they speak not only Chinese, but the local dialect and English. In 1956, many -- and probably most -- Chinese in the Philippines believed in their own racial and cultural superiority, and tended to consider Filipinos culturally inferior. Local Chinese maintain ties with mainland Chinese, despite the Communist nature of the government there and the fact that travel to Communist China is prohibited.

The government places no special ban on the assimilation of Chinese, and on the contrary has passed discriminatory legislation in the economic field having the potential effect of spurring Chinese to acquire Philippine citizenship. But the immediate effect of discriminatory legislation has been to draw the Chinese closer together. Moreover, naturalization laws and administration have not been liberalized to accomodate faster assimilation. Recently the government has turned its attention to Chinese schools with a view toward, among other things, making them conform more closely to Philippine educational practices. It is likely that future Chinese students will receive an education more like that received by Filipinos, thereby furthering assimilation. This process may be aided by the apparent adoption by the Nationalist Government of an official policy to support assimilation of the Chinese community into Philippine society.

2. Participation in Local Political Activities. Although as aliens Chinese do not participate in the government and have traditionally avoided involvement in Philippine politics, since the achievement of Philippine independence their economic interests have become more and more involved in national politics. In 1956 non-naturalized Chinese were not entitled to vote or to run for office in Philippine elections. However, there were many cases of Chinese making heavy campaign contributions to Filipino candidates with the hope of influencing legislation affecting their interests, or gaining political "goodwill."

3. Role in Civil Service, Police, and Armed Forces. Alien Chinese do not participate in civil service or the police, and since the Filipino army is highly selective, practically no Chinese are taken into the armed forces. Philippine intelligence agencies, however, have made extensive use of Chinese as informants, and they are also hired where needed as translators and interpreters.

4. Status of Chinese Organizations. Chinese organizations, except those believed to be Communist-dominated, are permitted to exist in the Philippines. Nationalist organizations and those sponsored by the Nationalist Embassy are permitted to operate without interference.

5. Policies toward Chinese Education. The Chinese are permitted to establish and operate their own schools under the terms of a Sino-Philippine Treaty of Amity signed in 1947. Although there are no restrictions against Chinese entry into Philippine schools or colleges, the Chinese have established some 174 schools without any financial support from the Philippine Government. This is apparently a sufficient number to meet the demands of the Chinese community. The Philippine Government, however, has been increasingly concerned with the fact that the schools have operated without Philippine supervision. In January 1956 the Philippine and Chinese Nationalist Governments, after months of haggling, signed an agreement providing: 1) the Philippine Government will supervise all Chinese schools; 2) all Chinese schools must register and be licensed for operation; 3) their curriculum must conform to Philippine standards; 4) Chinese schools may teach other subjects required by the Chinese Nationalist Government; 5) a Sino-Philippine Technical Committee is established to draw up a standard curriculum of Chinese subjects as well as qualifications for those who will teach them. In the summer of 1956, the Philippine Education Department announced that English departments of Chinese schools should be headed by native-born Filipinos. A Philippine Chinese Junior Normal College was established in 1955. It is the first college in Southeast Asia for the training of Chinese teachers, and is privately financed and run. Although it has not yet received official recognition from Philippine Government authorities, the college plans to expand to the four-year level, accommodating 400 to 500 students.

6. Subversion. The government's anti-Communist orientation together with its fight against Communist subversion and rebellion has led to the adoption of strong measures against all subversive organizations. The feeling is widespread among government leaders that most Chinese are secretly Communist or pro-Communist. The exact numbers of Chinese Communists and those who are pro-Communist China are not known, but the former is estimated between 2,000 and 3,000 and the latter, according to the Chinese Minister in 1955 totaled about 15 percent of all Chinese in the Philippines. As far as is known, all Chinese Communist organizations are deeply underground and have few contacts with Filipino Communists.

The Philippine Government tends to exaggerate in its concept of what constitutes Communist activity by Chinese and includes school groups studying Communism, travelers or students traveling to or from Communist China, and smuggling. Moreover, the charge of economic sabotage and "Communist plot" is levied on Chinese caught violating trade controls or suspected of arson. Due to poor intelligence work, many innocent Chinese have been apprehended as Communist suspects and the Chinese community has been especially bitter about some of these miscarriages of justice. Provision for adequate surveillance, e.g., translators and interpreters, reliable informants, cooperation of the Chinese community, is a continuing problem to Philippine authorities.

C. Legal Status of Chinese Minority

1. Relevant Sino-Philippine Treaties. On April 18, 1947 a Sino-Philippine Treaty of Amity was signed in Manila. This treaty did not meet the Chinese demands for a higher immigration quota or for protection against discrimination, but in rather vague terms provided for peace and friendship, exchange of diplomatic and consular personnel, and the right of nationals of either party to travel and reside in the territory of the other, but only in conformity with existing laws.

2. Immigration Controls. Basic Philippine legislation regarding immigration, Commonwealth Act (CA) 613 (1940) and Republic Act (RA) 503 (1950), were designed to protect the Philippines from mass migration from China and Japan. These laws are nondiscriminatory on the surface, for each nation is assigned the same number of quota immigrants, formerly 500 but now 50 annually. The low quota however, is far below the number of Chinese immigrants desiring to reside permanently in the Philippines and at present the quota is closed due to previous oversubscription.

No statutory limitations discriminate against a Chinese coming as a visitor, but RA 503 provides that a visitor who wishes to work may be admitted only when his petition, establishing that no person in the Philippines is "willing and competent" to perform the particular labor or service has been approved by the Commissioner of Immigration. He must also satisfy the Commissioner of Immigration that his purpose for coming to the Philippines will be beneficial to the public interest. The Chinese who do qualify for admission on a permanent or temporary basis have to pay various fees levied by the Commissioner of Immigration. Special financial "contributions" to various Filipino officials who are in a position to bloc immigration processes are an additional expense, but are not confined to Chinese.

From time to time Philippine authorities threaten Chinese visitors with enforcement of the section of the immigration law which provides for the deportation of alien visitors, students, and transients who have overstayed their original permit. There may be about 2,400 Chinese liable to

deportation on these grounds, but most of these visitors are unable or unwilling to return to their homes on the Chinese mainland and the Nationalist Government on Taiwan has consistently refused to accept them.

3. Citizenship Requirements for Ethnic Chinese. A Chinese born in the Philippines is not automatically a citizen of the country. If his father is a Philippine citizen, he is a citizen, but in the much more frequent case of an individual's father being an alien and his mother a Philippine citizen, he may elect to become a Philippine citizen when he reaches his majority. There is an unsettled legal point regarding when the mother's status as a citizen is to be determined -- prior to marriage, at time of birth, or at time of election.

In 1947 and 1950 existing naturalization procedures were tightened. According to RA 106 (June 2, 1947), an individual can lose his citizenship by the arbitrary cancellation of the holder's certificate of naturalization. Furthermore, a Filipina marrying an alien loses her Philippine citizenship if, by virtue of the laws in force in her husband's country, she thereby acquires his nationality. Inasmuch as the most common marriages affected by such a law are between Chinese and Filipinos, the law seems deliberately aimed at reducing the number of such marriages. The law of 1950 (RA 530) was designed to put the applicant for citizenship through a longer and stiffer trial period. Some 1,000 Chinese have been naturalized as Filipinos since the end of the war. This has caused criticism of even the new law as being too lenient, and demands that a moratorium be placed on further naturalization have been made.

Citizenship may be secured by naturalization in the Philippines through petition as provided in CA 473 and as amended by CA 535. It is possible, through a provision of CA 473, to secure citizenship after five years of continuous residence. CA 535 exempts any person who was born in the Philippines or who has resided there for 30 years from filing a declaration of intention for citizenship. The law of 1950, RA 530, provides that in addition to the previously established five-year residence period, a petition requesting action on an application for citizenship cannot be heard until six months after the application is filed. Likewise a decision approving such application is not effective until two years from the time of official approval. During this two-year period a successful alien applicant: 1) cannot leave the Philippines; 2) must dedicate himself continuously to a lawful calling or profession; and 3) must not violate any law or governmental regulation or "commit any act prejedicial to the interest of the nation or contrary to any announced goverrment policy."

4. Restrictions on Property Rights. The Philippine Constitution severely limits the role aliens may play in the exploitation and acquisition of public and private lands, and acts of Congress and court

decisions have implemented these constitutional provisions in a narrow, nationalistic fashion. Although Filipino law does not discriminate against Chinese aliens as such, its primary purpose has been to hinder the landholding of Chinese aliens in particular.

The constitutional limitations (Article XIII, Sects. 1 and 5) are the following:

1) The disposition, exploitation, development, or utilization of the public domain and natural resources is limited to Philippine citizens and corporations in which they own at least 60 percent of the capital.

2) Except by inheritance no private agricultural land may be transferred to individuals or corporations not qualified to acquire public lands.

Through the practice of utilizing Filipinos as "dummies" for land or stock ownership a few Chinese aliens circumvent these constitutional prohibitions. The extent of such practices is unknown, but Filipinos think them to be widespread and have endeavored to legislate against them. An "antidummy" law (CA 108 as amended by RA 134, June 1947) provides for the punishment of both the "dummy" and his sponsor, offers 25 percent of the fine imposed to an informer, and permits a "dummy" who informs to collect 25 percent of the fine and to be exempt from penal liabilities.

Some public lands have been acquired by aliens from homesteaders who failed to meet requirements of mortgages held by aliens. Although some of these transactions have involved bona fide mortgages, others probably have been only devices enabling unqualified individuals eventually to acquire public domain lands. Congress, however, has probably succeeded in cutting down both practices by RA 133 (June 1947) which forbids holders of mortgages, if disqualified from acquiring lands of the public domain, from bidding or taking part in any sale of such property as a consequence of foreclosure.

The Supreme Court of the Philippines in the 1947 Krivenko case[1] expanded the term "agricultural land" as used in the constitution to mean all land (except mineral and timber lands). This decision was retroactive and became binding as of the promulgation of the constitution on November 15, 1935. As a result, all sales and transfers of land to aliens (except US citizens) subsequently to that date became void. Only Philippine citizens and corporations were declared eligible to acquire public or private land even for business or residential purposes, with the single exception of aliens who had inherited land acquired by ascendent prior to 1935.

1. See Republic of the Philippines, Official Gazette, XLIV, 471.

The retroactive provision of the Krivenko decision has not been enforced. Its constitutionality is questionable, and details of implementation have not been decided upon. Meanwhile, alien businessmen regard the ban on acquiring land as an obstacle to long-range investment and the retroactive feature hangs as threat over alien property holders.

5. Economic Role. Philippine legislation directed at restricting non-Filipino economic activity is theoretically directed at all aliens but is actually aimed at the Chinese. As early as 1921 the government attempted to gain some measure of control over Chinese economic enterprises by a "Bookkeeping Act," which required accounts of all business enterprises in the Philippines to be kept in English, Spanish, or a Philippine dialect. This act was subsequently declared unconstitutional by the US Supreme Court. The Philippine Constitution prohibited the exploitation of natural resources or operation of public utilities by aliens, and these provisions were later supplemented by nationalistic statutes. A Manila ordinance of 1941 forbade the operation by aliens of any stalls in the public market in that city — a severe restriction on the Chinese who managed most of these stalls. Since then, Philippine authorities have made sporadic efforts to enforce this ordinance, and similar measures have been instituted in several other cities.

Laws limiting to Filipinos the practice of several professions including accountancy, law, engineering, and various fields of medicine have been enacted. Practically all these laws contain reciprocity provisions permitting foreigners to engage in the professions in question if their countries grant similar rights to Filipinos. Restrictions on professional activities have struck hard at the Chinese discouraging many who would pursue education along these lines. The Philippines is reluctant to give ground by a liberal interpretation of reciprocity.

A major blow against Chinese economic activity was struck in 1954 by enactment of a law nationalizing all retail trade. The law (RA 1180) states that "no person who is not a citizen of the Philippines and no association, partnership, or corporation the capital of which is not wholly owned by citizens of the Philippines, shall engage directly or indirectly in the retail business." Noncitizens who already have retail business licenses may continue in business until death or voluntary retirement, and providing their licenses are not forfeited, a partnership or corporation owned by aliens may continue in business until its dissolution, or for a maximum of 10 years. Licenses to do business are forfeited "for violation of any provision of laws on nationalization, economic control, weights and measures, and labor or other laws relating to trade, commerce and industry." Aliens in the retail business are prohibited from opening additional branches, and they are required to register annually detailed statements on their business assets, liabilities, and ownership with municipal treasurers throughout the Philippines. Heirs of aliens are allowed not more than six months in which to liquidate the business. The Chinese are

questioning in the courts the constitutionality of the law and have apparently abandoned hope for legislative modifications. To date the law has had little adverse effect on the Chinese community.

Congress subsequently imposed on importing firms the requirement that they reserve 30 percent of all imports for Filipino concerns. It provided for a fund of P15,000,000 to be loaned to Filipino retailers and is endeavoring to stimulate the formation of cooperative loan associations which, among other things, will divert from Chinese hands the marketing of agricultural products. More recently a nearly successful attempt was made to restrict the major proportion of exchange allocations to Filipinos. Not only do such measures discourage the Chinese but they are frequently used by politicians to extort large sums from the Chinese community on promises to prevent enactment. However, the Philippine Government has a poor record of enforcing such laws and many business opportunities remain open to the Chinese.

6. Taxation. Chinese are subject to the same taxes as Philippine citizens.

7. Alien Registration Requirements. Under the Alien Registration Act of 1950 (RA 562) and its amendments (RA 578, September 1950 and RA 751, June 1952) all aliens must register with the Bureau of Immigration or appropriate local authorities and those 14 years or older must pay P50 (US $25) for a registration certificate which must be carried at all times. An alien must notify his registration officer of any change of address 24 hours in advance, and must report in person to his registration officer during the first 60 days of every calendar year to obtain a proper notation on his registration certificate.[1] During 1950 so many unauthorized law enforcement officers masqueraded as registration officials that considerable muloting of Chinese aliens took place.

Stiff monetary penalties are provided for any violation of the registration act. Any alien convicted of making a false statement in connection with registration or of using fraudulent registration certificates after entering the Philippines can be deported.

Since 1950 the Philippine Congress has frequently inserted in various laws, primarily those attempting to regulate the economy, a provision that alien violators are to be deported. Such legislation and executive orders are directly aimed at Chinese businessmen and several have been ordered deported on vague or loose charges such as "economic sabotage."

1. The fee charged for such notation was raised by RA 751 from 50 centavos (US$.25) to 10 pesos (US$5)

8. Residence and Travel Restrictions. Under the terms of the Treaty of 1947 on a most-favored-nation basis there are no restrictions on Chinese residence rights in the Philippines. There are no travel restrictions applied exclusively to Chinese.

9. Governmental Control of Chinese Education. Under the terms of the 1947 Treaty of Amity, Chinese have the right to establish and operate schools in the Philippines. The extent to which the Philippine Government will be able to supervise Chinese education closely as a result of the January 1956 agreement remains to be seen. There has been a tendency for the government to make policy declarations and agreements in dealing with the Chinese, independent of its ability to enforce them. Until strong and persistent efforts are made to carry out the provisions of the agreement by the Philippine Government, the Chinese school system will resist any changes.

In the past, Chinese middle schools offered both Chinese and English curricula, the former in the morning and the latter in the afternoon. The Department of Education is anxious to give close attention to all matters of policy and curricula, but does not have linguists available for thorough supervision. The government does not seem to close down or limit expansion of Chinese schools. Chinese school administrators are becoming increasingly subjected to investigations of subversive activity in the schools.

D. Political Orientation

1. Attitude toward the Government. The Overseas Chinese in the Philippines hold the Philippine Government in very low esteem. They believe the Filipinos to be inferior to the Chinese and their government and politicians the manifestation of incompetence, laziness, and dishonesty. They look back on the period of US rule, when they were scarcely hampered at all in their economic pursuits, as the ideal government. Consequently, the Chinese view the activities of the government affecting them as misguided or worse, and very few are willing to believe that adjustment to new conditions is necessary. The Chinese minority believes itself to be persecuted, and yet has continually sought to obtain all the benefits and avoid all the obligations of residence in the Philippines.

When the Magsaysay administration came into office some in the Chinese community professed to believe that the government would be less venal and give the Chinese "fair" treatment. The Chinese have not understood, however, that whatever the character of the Philippine Government, any Philippine administration will discriminate against the Chinese. A few Chinese give credit to a handful of Filipinos who surmount traditional feelings and nationalistic attitudes, but the gulf between the Chinese and the government is wide.

2. Attitude toward Communist China. Of all overseas communities Philippine Chinese have been consistently the least attracted toward Communist China. The numbers of those holding pro-Peiping views have fluctuated, however, reaching a low about the time of the Korean hostilities and gaining since that time. The power of Communist China and the growth of problems arising from acts directed against the Chinese by the Philippine Government have led some to think of Peiping favorably. The reaction of many, and possibly most, of the Chinese has been a tendency to "sit on the fence."

Among the Chinese, both young and old increasingly believe opportunities in the Philippines are becoming limited, and that the power and future of the Nationalist Government is becoming increasingly uncertain. To many the Communist regime has appeared to hold out the promise of better things. But the Chinese minority is also cognizant of the terrors of the Communist regime, their uncertain future as businessmen under it, and the exactions that would be required for protecting their interests in the Philippines. Their attitude is also affected by the anti-Communist orientation of the Philippines and its US ally, particularly as the latter's policy toward Peiping bolsters their confidence that Communist China will be contained.

All Communist activity within the Philippines is underground and such activities that the Chinese Communist Party of the Philippines carries on are clandestine. Through word-of-mouth contacts and smuggled literature, study groups of young Chinese have been impressed with the power and progress of Communist China. Crude handbills have appeared denouncing discriminatory measures of the government, attacking the Nationalist Government, and announcing Communist China's determination to protect Chinese "rights" in the Philippines. Money is raised and tasks are carried out through threats against the lives of local Chinese or their relatives in China.

Since the Philippines and Communist China do not have diplomatic relations, regular contacts are few and most maneuvering by Communist China is directed toward Philippine officials in order to break down anti-Communist attitudes and policy. These measures unquestionably are designed to have the additional effect of impressing the Chinese minority of Peiping's power and its concern for them.

3. Attitude toward Nationalist Government. Philippine Chinese are inclined to support the Nationalist Government, although the Chinese Minister in 1955 estimated that only about 22 percent were staunch and complete in their loyalty to his government. That government is regarded by the Chinese as the vessel of Chinese culture as it was known to them. Moreover, Nationalist-directed schools continue and the younger Chinese are indoctrinated with loyalty to the Kuomintang.

The fact that the Nationalist Government no longer controls the area where nearly all Philippine Chinese came from is a barrier in its keeping the loyalty of Overseas Chinese, but Nationalist China has benefited from some lessening of loyalty to the original family area by the Chinese. The nearness of Taiwan to the Philippines mitigates somewhat the fact that that government is not located in the traditional seat of authority. Philippine Chinese have lost some respect for the Nationalist Government for its inability to protect their economic interests, but in general believe that the Nationalist Government is a better government than when it governed the mainland.

The Nationalist Government exerts its influence on the Chinese minority through its embassy, the Kuomintang organization, most of the leaders of the Chinese business community, and the schools. Anti-Communist newspapers, serial publications, and radio programs buttress the Nationalist position. Factional fights among its supporters, however, have weakened the Nationalist cause and continue to be a drawback to efforts to unify the community in support of that government. The most promising leadership organization, the Federation of Chinese Chambers of Commerce, is beset by factional problems which the Nationalist Government's skilled diplomats have not yet been able to resolve.

Within the last year the Nationalist Government has taken some additional measures aimed at holding the loyalty of the community. These include expressions of sympathy and indignation over discriminatory legislation voiced by the Nationalist Chinese embassy in Manila, the launching of a Chinese junior college in Manila -- the first Chinese college-level school in the Philippines --, and the sponsoring of visits by large numbers of young Chinese to Taiwan. The new Nationalist Ambassador in Manila, Chen Chih-mai, has taken an increasingly active role in strengthening pro-Nationalist organizations, and giving effective leadership to the Chinese community.

XI. BURMA

Included in Burma's Overseas Chinese population estimated at 400,000 is a small percentage who more properly might be called "overland Chinese." These are Yunnanese who merely crossed the border which separates Yunnan from the Shan and Kachin States of Burma. The background, occupations, and general activities of these Chinese differ from those of the Chinese, mostly Fukienese, Cantonese, and Hakkas, who came by sea and have settled in Rangoon and other parts of Burma. The problems the Yunnanese present for the Burmese Government are also different, particularly in regard to potential infiltration and subversion. For the purposes of this study, however, discussion will be confined to those Chinese who arrived in Burma by sea, and who in general present a pattern of development similar to that of Overseas Chinese in other Southeast Asian countries.

A. Popular Attitude toward Chinese Minority

On the whole, the attitude of the Burmese people toward the Chinese minority (estimated at 400,000 in a total population of 19,500,000) is one of friendliness and acceptance. The Burmese look upon the Chinese as kindred people, both in race and religion.

1. Economic Influence of Overseas Chinese. Although the Overseas Chinese in Burma do not influence, or control, the country's economic life to the same extent as their counterparts in some other Southeast Asian countries, their influence permeates practically all phases of the economy. They are led by the Indians and the British in economic dominance, but they themselves are more influential than the Burmans. They hold positions in all sectors and levels of the economy; e.g., as traders and merchants, artisans, skilled, semiskilled and unskilled workers, and clerks. Many Chinese are self-employed, owning their own rice and lumber mills, pawn shops, liquor and dry goods stores, hotels, restaurants, and tailor shops. They have a monopoly in carpentry, and an important role in the processing and export of hardwoods other than teak. A fair proportion is employed in mining. There are three large Chinese (Communist)-owned banks and one large trading company, whose chief business is with Communist China.

With the increasing "Burmanization" of the economy, many British and Indians have been, and are being, driven out. Although the same strictures apply to the Chinese, many of them, because of a high degree of assimilation and intermarriage, have dual citizenship and can manage to obtain the privileges extended to Burmese where the British and Indians cannot. Furthermore, the Chinese, both because of their greater assimilation and their ability to get around laws and regulations, can work through Burmese front men or "dummies."

There is the possibility that at least some of the void left by the departure of British and Indian capital may be filled by the Chinese, either openly or covertly, rather than by the Burmese, as is intended. Unless -- as seems now highly unlikely -- the government decides to be more stringent with the Chinese, their influence in the Burmese economy may therefore increase.

2. Social Position. The Burmese consider the Chinese as pauk paw (next of kin), and there is no social prejudice against them. The majority of the Overseas Chinese cling to the old Chinatown, the Chinese family, the secret society, and the clan. There has been a high degree of intermarriage, and though some of the Sino-Burmese have sentimental and cultural attachments to China, most of them consider themselves as Burmese, completely identify their interests with those of Burma, and are accepted socially by the Burmese.

B. Governmental Attitude toward Chinese Minority

The attitude of the Burmese Government toward the Chinese minority has been appreciably more tolerant than that of other Southeast Asian governments. The two basic reasons for this are the facts that economically they are not the chief rivals or exploiters of the Burmese, and that socially they are considered as "relatives" of a sort. The fact that both peoples are Buddhists -- although of different schools of Buddhism -- provides another link. Thus, the prominent Chinese, whether assimilated or not, are treated by the government as equals to the Burmese; the vast majority of unassimilated Chinese are not subject to any particular social or economic discrimination.

The Burmese Government has a deep-seated distrust and fear of Chinese imperialistic tendencies, well remembering the threat that Chinese governments have historically presented to Burma. Chinese Communist activities during the past year did nothing to dispel Burma's apprehensions regarding the long border it shares with mainland China. Military incursions and subversive penetration which had been taking place for some time along the northeast and northern boundaries, in areas where agreement regarding the border had not been reached or was not accepted by the Chinese Communists, were stepped up to an extent which elicited protests from the Burmese Government. During a trip to Peiping by U Nu, the Chinese Communists proposed an agreement on the disputed boundaries, which would involve loss of some territory in the Kachin State considered by the Burmese to be theirs. Although apparently acceptable to the Burmese Government, U Nu's agreement to these concessions evoked protests, especially from the Kachins, and resulted in a somewhat cool reception to Chou En-lai during his visit to Burma in December, 1956. The present outlook is that agreement on the basis of the Chinese demands will probably be reached, but there is little doubt that the Burmese Government was placed in an embarrassing position by the

attitude of its Chinese "friends," and that the dispute has caused further deterioration in the relations between the Government of the Union of Burma and the Kachin and Shan states, thus adding to Burma's domestic problems.

It is as yet too early to discern whether or not the border dispute with Communist China has had any effect upon the Burmese Government's attitude toward the Overseas Chinese in Burma, but it would be logical to assume increased surveillance on the part of the Burmese over suspected Communist activities. On the surface, the Burmese Government continues its strict adherence to neutrality, and even though its basic sympathies may be inclined toward the anti-Communist (though not necessarily the Kuomintang) factions of the Chinese community, these sympathies cannot be openly reflected in its behavior under present circumstances.

1. Assimilation Potential. Because of the basic acceptance of the Chinese by the Burmese, and the lack of social, religious, or cultural conflict, the assimilation potential of the Chinese in Burma is probably among the highest in Southeast Asia. Frequent intermarriage has resulted in a Sino-Burmese community of more than 100,000, many of whom identify themselves as Burmese rather than Chinese.

2. Participation in Local Political Activities. In prewar Burma those Chinese who were British subjects (approximately 40 percent in 1931) had the right to participate freely in Burma's political and economic life. The Chinese Chamber of Commerce had one seat in the legislature to represent the interests of the Chinese community as a whole.

The Union Constitution of 1947 restricts participation in government and politics to Burmese nationals, but guarantees equal political rights to all citizens.

3. Role in Civil Service, Police, and Armed Forces. Non-Burmese citizens are permitted to hold governmental positions, but pressure has been exerted to limit public service to indigenous peoples. The few ethnic Chinese who are in government services, however, often have positions of considerable responsibility in the armed services and civil offices, and several Sino-Burmese hold positions of high responsibility both in the cabinet and in the permanent civil service.

4. Status of Chinese Organizations. The political struggle in the Chinese community to a considerable degree has been conducted in and by means of a wide variety of Overseas Chinese organizations. The Communists have fought and won control of a number of traditional organizations and have created several important new ones. They have then used these organizations as fronts for spreading propaganda and for bringing the masses of the Overseas Chinese into active participation in Communist-directed movements. One of the most important of the organizations taken

over by the Communists is the Chinese Chamber of Commerce. Although primarily a commercial organization serving the usual chamber of commerce functions and having as members businessmen of both political persuasions, at the same time it serves as an important sounding board for Chinese Communist propaganda.

At least equal in importance to the Chinese Chamber of Commerce are the secret societies, most of them associated with the world-wide Hung-Men Brotherhood. The Communists have been successful in controlling only one of them, the Yee Hin, and founding another, the Hung-Men Youths Association (not connected with the Hung-Men Brotherhood).

There is no Chinese Communist Party branch in Burma -- none at any rate operating overtly, although many individual Burma Chinese are undoubted party members. The China Democratic League, theoretically a branch of the same organization on the mainland, is little publicized, and its main function is said to be the coordination, under CPR Embassy direction, of all pro-Communist activities by all Chinese Communist organizations in Burma.

The Union Chinese League was founded in 1955 to rally the anti-Communist Chinese organizations. Its effectiveness is somewhat marred by internal dissensions and rivalries. The chief policy issue creating tensions between anti-Communist organizations is the question of how militantly pro-KMT the anti-Communist movements should be. At one extreme, there is an influential group -- primarily Sino-Burman -- that advocates almost completely identifying Overseas Chinese political interests with Burma and steering a course toward eventual assimilation. At the other extreme, there is a group that advocates complete identification with Nationalist China. The first of the groups believes in a passive resistance to Communism; the second advocates a bitter, and even violent, anti-Communist struggle. In between these two groups there is a range of more moderate opinion.

The Burmese Government has not proscribed any of the numerous Chinese organizations, although there has been police surveillance of both the pro-Communist China Democratic league and of pro-Kuomintang groups. Actual police measures against the Chinese have been limited to arrest or deportation of a few individuals accused of illegal activity in support of the Chinese Nationalist irregulars or subversive contacts with Communist China, and to denial of permits for street demonstrations on grounds of possible violence between Communist and anti-Communist elements.

In late 1950 a special branch of the Criminal Investigation Department was set up to watch Chinese activities. A special division of 130 persons was created in the Home Ministry to conduct a registration of all Chinese and to handle relations with the local Chinese community

Non-Communist elements, particularly the Union Chinese League, have been given tacit support by governmental leaders.

5. Policies toward Chinese Education. Chinese schools in Burma were virtually unregulated by the government before 1951. In that year a Private Schools Registration Act was passed which required reporting of faculty lists, boards of directors, texts, and curricula. Although this act would permit fairly effective control of Communist influence in Chinese schools, no arrests are known to have been made for subversive teaching. Partly as a result of this hands-off policy, the Communists rapidly penetrated the schools after Communist victories on the mainland, and, by 1950, 80 percent of private Chinese schools were Communist-controlled. Since 1951, however, the Kuomintang has reorganized its own students' and teachers' unions to combat Communist influence in education, and other non-Communist groups have attempted to wrest control of schools from Communist elements.

It is estimated that Communists control about half of the more than 200 Chinese schools in Burma, and probably much more than half of the total student body. The Communists have an especially strategic grip on the educational system in Rangoon, controlling the two most important middle schools and leaving to the anti-Communists no institutions equipped to give upper middle school instruction on a large scale other than one neutral church school.

The campaign to control the schools was carried out with great energy by the Communists in the first few years after 1949, and was marked by many bitter struggles within individual schools. Boards of trustees, faculties, and alumni associations were frequently divided over whether to use the new Communist Chinese textbooks, the principal issue on which the ideological struggle revolved.

Although many schools shifted to the Communist side at first, in the past three or four years the situation has more or less stabilized; most schools have already settled upon one side or the other and purged their dissident elements. Such changes as now occur are largely in the smaller towns where community leadership, including support and control of the schools, is in the hands of only a few leading merchants. In these places, the political complexion of the entire Chinese community, including the schools, may be altered when one of the wealthy leaders accepts a loan from the Bank of China.

6. Subversion. Burma began its history as a full-fledged nation faced with the existence of several different types of subversion: a Communist insurrection; nationalist insurrections in the Karen, Kachin and Shan States; banditry and possible subversion by the Chinese irregulars who had crossed the border from mainland China. Burma thus

is keenly conscious of the dangers of Chinese Communist subversion, both through the Yunnan border and within the fairly numerous and influential Chinese communities.

Government leaders, moreover, are not strangers to the techniques of conspiracy and subversion. Although it sometimes bends before Communist pressure on the international scene, there is little doubt that the present government is sincere and strong in its feelings against Communism domestically. The detection and prevention of subversion in the various Chinese communities, however, is no easy task and the problem which the Yunnan border presents would tax the strength and ingenuity of a much larger and better equipped police force and army than Burma possesses.

The Communists are in a position to carry on subversive activities through various channels: organizations, the press, schools, and banks are among the most important. These various media are reportedly coordinated and supervised by the Communist Chinese Embassy in Rangoon and the Consulate General in Lashio. Infiltration of agents, agitators, and other Communist Party workers over the Burma-Yunnan border is another channel for subversion to which the Chinese Communists appear to be giving considerable stress. Settlement of the border issue will probably have no deterrent effect on these Communist Chinese activities.

The Burmese Government is aware of many of these activities, and leaders of the ruling Anti-Fascist Peoples Freedom League publicly implied that the surprising gains of the Communist-dominated National United Front in the Burmese elections last April was in some measure due to the financial help they received from the Soviet and Communist Chinese Embassies.

The Burmese Government may be hampered in eradicating subversion by its neutral foreign policy. Although the government is openly anti-Communist in its domestic policy, it may fear that open prosecution of some types of Chinese Communist activities would jeopardize its neutrality in the eyes of Communist China and thus deprive it of what it considers an effective safeguard against Communist aggression.

C. Legal Status of Chinese Minority

The legal status of the Chinese minority in Burma was settled by the Union Constitution of 1947 which restricts participation in government and politics to citizens of the Union of Burma. This constitutional provision altered a historical situation which had existed under British rule and provided one parliamentary seat to a representative of the Chinese Chamber of Commerce regardless of his citizenship.

1. Relevant Sino-Burmese Treaties. There are no treaties between the Burmese Government and either National or Communist China.

2. Immigration Controls. While Burmese immigration laws are not directed so specifically at the Chinese minority as are the laws of many other Southeast Asian countries, they nevertheless serve to discourage immigration since unskilled workers are unadmittable and skilled workers are admitted only when they can demonstrate their particular skill is needed in Burma. A candidate for immigration must provide a Burmese guarantor who is willing to put up a bond for him.

The fall of Yunnan Province to the Chinese Communists caused a new influx of refugees across the border, but this flow has now been greatly reduced. Most of these Chinese, who are closely related ethnically to the peoples on the Burma side of the border, have remained in the northern hill districts near the frontier. Many are undoubtedly illegal immigrants and until recently were relatively undisturbed because of poor Burmese administrative control over these districts. It is reported that Burmese efforts to suppress illegal immigration have increased as a result of Communist infiltration of Kachin areas in the north.

3. Citizenship Requirements for Ethnic Chinese. The citizenship law of the Union of Burma, passed in 1948, does not grant nationality by birth alone but requires descent from citizens, from an indigene of Burma, or from persons who have been residents of Burma for two generations. In practice, the specifications are such as to exclude from automatic citizenship a large proportion of the Chinese (and Indian) communities. Immigrant Chinese and most Chinese born in Burma before 1948 are excluded. Only third-generation Chinese born in Burma, all of whose grandparents were permanently domiciled in Burma, children born to ethnic Chinese who are Burmese citizens, and Sino-Burmese born in Burma with at least one indigenous grandparent, qualify for automatic citizenship. Those Chinese who were born in British territory could elect Burmese nationality if they did so before April 1950 and had lived in Burma 8 of the 10 years preceeding 1942 or 1948. Actually, only 5,000 persons of all origins availed themselves of this opportunity by the deadline.

Chinese or Sino-Burmese born of one citizen parent in Burma since 1948 qualify for Burmese citizenship by birth unless the father is an alien. In this latter case the child must formally elect Burmese citizenship and reject the citizenship of his father's country upon reaching his majority in order to qualify for Burmese nationality.

The requirements for naturalization in Burma, such as age, length of residence, intent to reside permanently, and the like, can be met technically by most of the ethnic Chinese residents of Burma; a speaking knowledge of one of the local languages is the only requirement which causes difficulties for the Chinese residents since most ethnic Chinese residents of Burma still prefer one or another of the Chinese dialects. In practice, the ease with which one can become naturalized in Burma

depends greatly upon the officials administering the law. The government has authority to refuse any application on the grounds of national interest without explanation and without appeal. Since the provision of the naturalization law requiring "good character" and the language test can easily be handled in such a way as to disqualify any person or persons the local officials decided to disqualify, fear of refusal on arbitrary grounds probably tends to deter many eligible Chinese from applying for naturalization. Nevertheless, despite the difficulties inherent in obtain naturalization it is probable that at least one member of each important Chinese commercial family will seek naturalization in order to carry on the family business in the face of Burmese restrictions on alien commercial activity.

4. Restrictions on Property Rights. Since 1948, aliens have not been permitted to acquire real property.

5. Economic Role. Rules and regulations applicable to foreigners would place the Chinese in a difficult position were it not for the Burmese Government's frequent failure to enforce regulations, on the one hand, and the Chinese skill in evading regulations, on the other hand. There is no substantial evidence to suggest that the Chinese feel discriminated against despite the legal difficulties under which they technically operate. However heavy pressure is being brought on private firms to replace foreigners by Burmese, particularly in top positions. Sixty percent of import licenses are reserved for Burmese nationals.

6. Taxation. There are no known taxes directed against the Chinese.

7. Alien Registration Requirements. All foreigners are supposed to register with local police and pay a small registration fee; in practice, due to the insurrection, registration has been possible only in a few areas.

8. Residence and Travel Restrictions. Restrictions on travel and residence have been applied primarily to ethnic (noncitizen) Chinese wishing to travel outside the country. Travel to both Taiwan and the mainland has been curtailed by warnings that the government might refuse to issue reentry permits. Some Chinese suspected of being disruptive elements have been deported to Communist China.

9. Governmental Control of Chinese Education. The Chinese have the right to establish and operate schools in Burma. Although subject to governmental supervision in their educational activities, the Chinese have continued to operate schools with relatively little direct interference.

D. Political Orientation

The Overseas Chinese in Burma are no exception to the oft-reiterated truism that the vast majority of Overseas Chinese has no strong politico-ideological convictions, and is interested mainly in retaining and safe-

guarding its livelihood. In addition, in Burma, where they are not subjected to any particular discrimination, the overseas Chinese do not feel the need of a strong Chinese government to protect their rights, as they do in other Southeast Asian countries, where discrimination exists. While they may realize that a Communist Burma would mean the end of their freedom and livelihood, the Chinese are hoping to ride the conflict out on Burma's tide of neutrality, without incurring any risks.

Many Chinese who do take sides are impelled to do so by self-interest. The majority of the Chinese in Burma would probably prefer to stay out of the Communist-anti-Communist conflict. The pressures from both Communist and Kuomintang or other non-Communist groups, however, impel many of them to adopt sides. Numerically, the ratios have varied, and currently the balance appears to be about even, providing the government maintains its impartiality to the activities of both sides. Because the Chinese Communists exert more pressure in the form of financial rewards and the Nationalists are not affluent, it might be assumed that the loyalty of the non-Communist following is more deep-seated.

1. Attitude toward Government. Since the treatment of the Overseas Chinese by the Burmese Government is, on the whole, just and fair, the average Overseas Chinese is fairly content with the government as it is. Even those who go along with Communism now, for one reason or another, would be reluctant to take part in any conspiracy to overthrow the present Burmese Government and to replace it with a Communist one. As Chinese, they would like to see the spread of Chinese dominance; as businessmen and workers, however, they do not want to risk what they already have. They bear no grudge against the Burmese, and their status in Burma is acceptable. There is therefore no drive for them to become instruments for the establishment of a Chinese-dominated regime in Burma, especially when they are uncertain of what their position would be under such a regime. However, given sufficient opportunity for infiltration, propaganda and other activities the Chinese Communists could, together with their local counterparts, present a serious threat to the Burmese Government.

2. Attitude toward Communist China. The Overseas Chinese in Burma share with other Overseas Chinese a strong feeling of patriotism and pride in their fatherland, and they also have ties with the mainland through relatives living there. The emergence of a powerful government in mainland China and its increasing prestige naturally have given this patriotism and pride a considerable boost. A certain amount of disillusionment set in following the reports of Communist terrorism and persecution, especially against the "bourgeoisie" -- the very elements which so many of the Overseas Chinese themselves represent.

On the other hand, the Chinese are well aware that the Burmese Government looks with extreme disfavor on any activities which would

disturb its neutralist status quo and are therefore reluctant to commit themselves openly on one side or the other. They see no signs of an impending change of regime and though they may not approve of Communism, Communist China is, to them, the current reality.

From a long-range point of view, the sector of the Overseas Chinese community most likely to be drawn to a Communist China is the youth. Just as Communism is a strong force in the schools, universities, and student unions of the Burmese themselves, so many of the Chinese schools are Communist-dominated.

Furthermore, opportunities for successful careers for young Chinese are being limited, and are likely to become more so. Although Burma, in its nationalization and Burmanization program has not restricted the Chinese as much as other Southeast Asian countries have done in similar programs, limitations, both in business and trade, do exist and the trend is toward more, rather than fewer, of them.

Chinese youth, then, may see no future for themselves but on the mainland. Basically, as is true in general, they also are more likely to be attracted by the promises of Communism, and less likely to look with skepticism upon its realities.

The methods used by the Chinese Communists in Burma, largely directed by the Chinese Embassy in Rangoon and the Consulate in Lashio, rely chiefly on two weapons: propaganda and financial inducements. Propaganda is disseminated through conventional means: the press, schools, business and cultural associations, labor and professional unions, and the Burma branch of the China Democratic League, which was established in 1948. Control is exercised, in the case of the press, through subsidies. Chinese-language newspapers in Burma are not self-supporting, so they must rely on a wealthy publisher or subsidies in order to survive. Four of the six Chinese-language papers are pro-Communist (one being a faithful party-line organ), and the other two are pro-Kuomintang.

Schools play an important part in the proselytizing of one of the groups most vulnerable to Communism -- youth. The majority of the Chinese community seeks a Chinese education, and Communists control many of the Chinese schools, though not nearly as many as in 1950, through subsidies and organizations such as the Burma-Chinese Teachers Union.

The Communists appeal to those in search of higher education by providing them with opportunities to study on the mainland. Many students, although not Communist-oriented, finally go to the mainland because facilities for high education in anti-Communist institutions are too limited.

Approximately 900 students went to Communist China for study in 1952 and 1953; the number was somewhat lower in 1954 and 1955. Figures for 1956 are not available.

Three pro-Communist Chinese banks, all of which are branches of mainland organizations, offer financial lures to gain Communist support. In addition to acting as disbursing agents of funds for helping schools, publishers, and organizations, these banks have other ways of drawing Chinese into the Communist fold. Since 1952 they have been extending loans at low interest rates, providing the recipient pledges to support Communist campaigns, press, schools, etc., and not to support any anti-Communist activities. Both financial and political guarantees were made more stringent in 1953 because it was discovered that some of the recipients not only did not live up to their political promises, but were poor credit risks as well.

3. Attitude toward Nationalist Government. The attitudes of the Overseas Chinese are naturally susceptible to the attitudes of the Burmese Government, or, to put it more realistically, the Chinese are not prone to espouse a cause which the Burmese Government frowns upon, since their primary objective is to preserve their status quo. The anti-Fascist Peoples Freedom League, the coalition of parties controlling the government, looks upon Chieng Kai-shek as reactionary and corrupt. This original distaste was turned to burning resentment by the 12,000 Nationalist Chinese "irregulars," who escaped to Burma following the Communist victory on the mainland. The dacoity and other activities of these troops and their followers added to Burma's troubles at a time when it was facing insurrection on several fronts. They also, in Burma's eyes at least, placed it in a dangerous position vis-a-vis the Chinese Communists, who might have used the presence of these troops as an excuse for an incursion into Burma.

Although the "irregulars" are now fairly well under control, the bitterness engendered by their presence has left its mark. The Burmese Government believes, although the Chinese Nationalists declare otherwise, that the 3,000 of them remaining are in communication with Taipei, and is extremely suspicious of any sign of a linkage between the irregulars and other insurgent groups, such as the KNDO.

Many of the Overseas Chinese, though anti-Communist, are definitely not pro-Chiang. Following the low point reached in 1950, however, when the Communists appeared to have a clear field among the Chinese in Burma, the Kuomintang organization was revived. This in combination with the work of other anti-Communist organizations, has resulted in a considerably more friendly attitude among the Chinese toward Nationalist China. With the cooperative noninterference of the Burmese police, the Kuomintang succeeded, with a variety of tactics, in establishing itself as a rival to be reckoned

with by the Communists. Double Ten celebrations have been as enthusiastic as October One celebrations; in some cases, Communist textbooks in Chinese schools (which were used largely for lack of others) have been replaced by anti-Communist texts.

In addition to the Kuomintang there are several other self-financed associations which are anti-Communist though not pro-Kuomintang. The instruments used by these organizations in winning adherents for their cause are similar to those used by the Communists: press, schools, associations.

Appendix A

INDONESIAN-CPR DUAL NATIONALITY AGREEMENT OF APRIL 22, 1955

The Government of the People's Republic of China and the Government of the Republic of Indonesia, in order to achieve a reasonable solution of the question of the nationality of persons who hold simultaneously the nationality of the People's Republic of China and the nationality of the Republic of Indonesia, have agreed to conclude the present treaty in accordance with the principles of equality and mutual benefit and noninterference in each other's internal affairs and on the basis of friendly cooperation, and have appointed as their respective plenipotentiaries: For the Government of the People's Republic of China, Minister for Foreign Affairs of the People's Republic of China Chou En-lai; for the Government of the Republic of Indonesia, Minister for Foreign Affairs Sunarjo of the Republic of Indonesia.

The plenipotentieries of both parties, after having examined each other's credentials and found them in good and due order have agreed upon the following provisions:

1. The high contracting parties agree that all persons who hold simultaneously the nationality of the People's Republic of China and the nationality of the Republic of Indonesia shall choose, in accordance with their own will, between the nationality of the People's Republic of China and the nationality of the Republic of Indonesia. All married women who hold the above-mentioned two nationalities shall also choose, in accordance with their own will, between the two nationalities.

2. All persons who hold the two nationalities mentioned in article 1 and who have come of age when the present treaty comes into effect, shall choose their nationality within 2 years of the coming into effect of the present treaty. For the purposes of this treaty, persons who have come of age are understood to be persons who have attained the age of 18 years and married persons under the age of 18 years.

3. Any person holding the two nationalities mentioned in article 1 desiring to retain the nationality of the People's Republic of China must declare before the appropriate authorities of the People's Republic of China that he or she renounces the nationality of the Republic of Indonesia, and shall, after such decleration, be considered as having chosen voluntarily the nationality of the People's Republic of China.

Any person holding the two nationalities mentioned in article 1 desiring to retain the nationality of the Republic of Indonesia must declare before the appropriate authorities of the Republic of Indonesia that he or she renounces the nationality of the People's Republic of China, and shall, after such declaration be considered as having chosen voluntarily the nationality of the Republic of Indonesia.

The above-mentioned appropriate authorities of the People's Republic of China are as follows: In the People's Republic of China, Government organs designated by the Government of the People's Republic of China; in the Republic of Indonesia, the Embassy of the People's Republic of China in the Republic of Indonesia, and such temporary offices established by the above-mentioned Embassy or consulates as necessary and with the consent of the Government of the Republic of Indonesia.

The above-mentioned appropriate authorities of the Republic of Indonesia are as follows: In the Republic of Indonesia, Government organs designated by the Government of the Republic of Indonesia; in the People's Republic of China, the Embassy of the Republic of Indonesia in the People's Republic of China, the consulates of the Republic of Indonesia in the People's Republic of China, if there be any, and such temporary offices established by the above-mentioned Embassy or consulates as necessary and with the consent of the Government of the People's Republic of China.

In order to facilitate the choosing of their nationality by persons holding the two nationalities mentioned in article 1, the high contracting parties agree to adopt a convenient method for the said declaration. The method of choosing nationalities as stipulated in this article also applies in principle to those persons who reside in places outside the territories of the People's Republic of China and the Republic of Indonesia and who hold the two nationalities mentioned in article 1.

4. The high contracting parties agree that any persons holding the two nationalities mentioned in article 1 shall automatically lose the nationality of the Republic of Indonesia upon choosing, in accordance with the provisions of this treaty, the nationality of the People's Republic of China; and that any persons holding the two nationalities mentioned in article 1 shall automatically lose the nationality of the People's Republic of China upon choosing, in accordance with the provisions of this treaty, the nationality of the Republic of Indonesia.

5. The high contracting parties agree that the nationality of those persons who hold the two nationalities mentioned in article 1 and who fail to choose their nationality within the period of 2 years prescribed in article 2 shall be determined in the following manner:

If their fathers are of Chinese origin, they shall be considered as having chosen the nationality of the People's Republic of China; if their fathers are of Indonesian origin, they shall be considered as having chosen the nationality of the Republic of Indonesia.

The nationality of those of the above-mentioned persons who fail to choose their nationality within the prescribed period and who have no legal

relationship with their fathers or whose fathers' nationality is not ascertainable, shall be determined in the following manner: if their mothers are of Chinese origin, they shall be considered as having chosen the nationality of the People's Republic of China, if their mothers are of Indonesian origin, they shall be considered as having chosen the nationality of the Republic of Indonesia.

6. All those persons who hold the two nationalities mentioned in article 1 and who have not come of age when the present treaty comes into effect shall lose their nationality within a year of their coming of age. Pending their coming of age, they shall be considered as only holding the nationality chosen by their parents or their fathers in accordance with the provisions of the present treaty. In case they have no legal relationship with their fathers or their fathers have died without choosing a nationality or their fathers' nationality is unascertainable, those persons shall, pending their coming of age, be considered as only holding their nationality chosen by their mothers in accordance with the provisions of the present treaty. If they fail to choose their nationality within the period prescribed in this article after their coming of age, they shall be considered as having chosen voluntarily the nationality held by them before they came of age.

7. All those persons holding the two nationalities mentioned in article 1 who, after having chosen the nationality of the Republic of Indonesia and lost the nationality of the People's Republic of China, leave the Republic of Indonesia and take up permanent resident outside its territory shall automatically lose the nationality of the Republic of Indonesia if they regain, in accordance with their own will, the nationality of the People's Republic of China.

All those persons holding the two nationalities mentioned in article 1 who, after having chosen the nationality of the People's Republic of China and lost the nationality of the Republic of Indonesia, leave the People's Republic of China and take up permanent residence outside its territory shall automatically lose the nationality of the People's Republic of China if they regain, in accordance with their own will, the nationality of the Republic of Indonesia.

8. All children born in the Republic of Indonesia, acquire, upon their birth, the nationality of the People's Republic of China if both their parents or only their fathers hold the nationality of the People's Republic of China; all children born in the People's Republic of China acquire, upon their birth the nationality of the Republic of Indonesia if both their parents or only their fathers hold the Nationality of the Republic of Indonesia.

9. Any child holding the nationality of the People's Republic of China, if legally adopted by a citizen of the Republic of Indonesia before attaining

5 years of age, acquires the nationality of the Republic of Indonesia and automatically loses the nationality of the People's Republic of China; any child holding the nationality of the republic of Indonesia, if legally adopted by a citizen of the People's Republic of China before attaining 5 years of age, acquires the nationality of the People's Republic of China and automatically loses the nationality of the Republic of Indonesia.

10. In the case of a citizen of the People's Republic of China marrying a citizen of the Republic of Indonesia, each party retains after marriage his or her original nationality. However, if one party applies for and acquires the nationality of the other party in accordance with his or her own will, he or she shall automatically lose his or her original nationality upon acquiring the nationality of the other party. The said applications shall be made to the appropriate authorities of the country concerned.

11. With a view to improving the conditions under which citizens of one country reside in the other, each high contracting party agrees to encourage its own citizens residing in the other country, that is citizens of the Republic of Indonesia residing in the People's Republic of China and citizens of the People's Republic of China residing in the Republic of Indonesia, to respect the laws and social customs of the country in which they reside and not to take part in political activities of that country. Each high contracting party affirms its willingness to protect according to its laws the proper rights and interests of the citizens of the other party residing in its territory.

12. The high contracting parties agree that matters relating to the implementation of the present treaty which are not provided for in this treaty may be decided upon through negotiations between the two parties.

13. Should disputes arise between the high contracting parties over the interpretation or implementation of the present treaty, the two parties will settle such disputes through negotiations.

14. The present treaty shall be ratified by the high contracting parties in accordance with their respective constitutional procedures and shall come into effect upon the date of the exchange of ratifications, which shall take place in Peking. The present treaty shall be valid for 20 years and shall remain in force thereafter. If, after the expiration of the period of 20 years, one party requests its termination, it must so notify the other party one year in advance and in written form; and the present treaty shall be terminated one year after the tendering of such notification.

In faith whereof, the plenipotentiaries of the high contracting parties put seals and signatures thereon. Done in Bandung on the 22nd day of April, 1955, in duplicate in the Chinese and Indonesian languages, both texts being equally authentic.

(signed) Chou En-lai, Plenipotentiary of the Government of the People's Republic of China.

(signed) Sunarjo, Plenipotentiary of the Government of the Republic of Indonesia.

Appendix B

INDONESIAN-CPR EXCHANGE OF NOTES ON DUAL NATIONALITY OF JUNE 3, 1955

Note from Premier of the State Council Chou En-lai:

Peking, June 3, 1955:

His excellency Dr. Ali Sastroamidjojo, Prime Minister of the Republic of Indonesia.

Excellency,

On Apr. 22, 1955, the People's Republic of China and the Republic of Indonesia signed the Treaty on the Question Dual Nationality. During Your Excellency's visit to the People's Republic of China, our two Governments further exchanged views fully in Peking on the purpose and the method of implementation of this treaty and have come to an understanding which I now confirm as follows:

1. The purpose of the above-mentioned Treaty on Dual Nationality is to solve the question of dual nationality between the People's Republic of China and the Republic of Indonesia, a question which we inherited from the past and the settling of which is in conformity with the interests of the peoples of both countries. To achieve the above-mentioned purpose, the two Governments agree to take all necessary measures and provide all facilities while implementing the above-mentioned treaty so that all persons holding dual nationality can choose their nationality according to their own will.

2. The Government of the People's Republic of China and the Government of the Republic of Indonesia agree that among those persons who hold simultaneously the nationality of the Republic of Indonesia and that of the People's Republic of China there is a category of persons who can be considered as holding only one nationality and not holding dual nationality because, according to the opinion of the Government of the Republic of Indonesia, their social and politicel status testifies that they have already implicitly renounced the nationality of the People's Republic of China.

Persons belonging to the category mentioned above, since they hold one nationality, are not required to make their choice of nationality in accordance with the provisions of the Treaty on Dual Nationality. If so desired, a certificate to that effect can be issued to such persons.

3. To eliminate any misunderstanding with regard to the provision of the 20-year period of validity in art. 14 of the above-mentioned Treaty on

Dual Nationality, the two Governments agree to the following interpretation, I.E., those persons who have once chosen their nationality in accordance with the above-mentioned treaty are not required to choose again after the expiration of the period of 20 years.

4. In order that the above-mentioned treaty shall be implemented satisfactorily, the two Governments agree to set up in Jakarta a joint committee composed of representatives of the Republic of Indonesia and of the People's Republic of China. The function of the joint committee is to discuss and work out the method of implementation of the above-mentioned Treaty on Dual Nationality.

5. Prior to the expiration of the period of 2 years provided for the choosing of nationality, the present status of persons holding dual nationality shall remain unchanged until they have made their choice of nationality in accordance with the provisions of the above-mentioned treaty.

If the above points receive Your Excellency's confirmation, the present note and your reply shall form an understanding arrived at between the Government of the Republic of Indonesia and the Government of the People's Republic of China on the implementation of the Treaty on the Question of Dual Nationality, and shall come into effect at the same time as the above-mentioned treaty.

I avail myself of this opportunity to express to you the assurances of my highest consideration.

Chou En-lai, Premier of the State Council of the People's Republic of China.

Reply note from Prime Minister Ali Sastroamidjojo of the Republic of Indonesia:

Peking, June 3, 1955.

His Excellency Mr. Chou En-lai, Premier of the State Council of the People's Republic of China, Peking.

Excellency,

I acknowledge the receipt of Your Excellency's note dated June 3, 1955 which reads as follows: (Here follows verbatim repeat of Chou En-lai's note to Ali Sastroamidjojo, as cited above, up to the penultimate paragraph -- Ed.)

On behalf of the Government of the Republic of Indonesia, I confirm the points set forth in your note. Your note and my reply form the understanding arrived at between the Government of the Republic of Indonesia and

the Government of the People's Republic of China on the implementation of the Treaty on the Question of Dual Nationality, and shall come into effect at the same time as the above-mentioned treaty.

I avail myself of this opportunity to express to you the assurances of my highest consideration.

Ali Sastroamidjojo, Prime Minister of the Republic of Indonesia.

Appendix C

CHINESE COMMUNIST POLICIES TOWARD THE OVERSEAS CHINESE

In recent years the Chinese Communists have subordinated their program of cultivating and subverting the Overseas Chinese to the demands of other overriding objectives: the expulsion of western influence and the ultimate establishment of Communist regimes in Southeast Asia. Their implementation is centered at present on gaining influence over the governments and peoples of Southeast Asia. The unpopularity of the Overseas Chinese has been a handicap in Peiping's efforts to obtain the confidence of Southeast Asian governments and to exploit local nationalism as a weapon against the west. Peiping accordingly has attempted to deal with Overseas Chinese problems in a manner calculated to give least offense to the countries of Southeast Asia.

Despite this approach, the Chinese Communists have attempted to win the support of the Overseas Chinese, and to utilize them as auxiliaries for both the internal development and external influence of the Peiping regime. This has led inevitably to a conflict of interests and is the cause of the frequent ambivalence in Chinese Communist propaganda and actions concerning the Overseas Chinese.

Although there is no actual evidence of a coordinated Chinese Communist policy toward the Overseas Chinese their approach appears strongly influenced, if not dictated by the larger diplomatic "co-existence" policy adopted after the Indochinese truce and the conclusion of the Mutual Defense Treaty between the US and the GRC. For this reason, it is likely that Peiping will continue to place its diplomatic interests in Southeast Asia above the welfare of the Overseas Chinese as long as the "co-existence" policy continues. Peiping's first major action along this line was the Dual Citizenship Treaty with Indonesia in 1955. This treaty was signed during the Asian-African Conference in Bandung and was publicized as an example of Peiping's new "co-existence" approach to Southeast Asia. Peiping also has urged Overseas Chinese to respect local laws and customs and has claimed readiness to weaken the ties of Overseas Chinese to the Chinese mainland.

An aspect of the Overseas Chinese problem which also affects Peiping's relations with Southeast Asian countries is the relationship of Overseas Chinese to the GRC. Chinese Communist propaganda combats the GRC by picturing it as a dying cause, incapable of protecting the legitimate interests of the Overseas Chinese. It also accuses the GRC of inciting Overseas Chinese against the newly independent Southeast Asian governments. The object of this propaganda is to weaken the GRC's influence with Overseas Chinese and stimulate antagonism between the Southeast Asian countries and Taiwan. Recently the Communists have stressed the possibility of "a peaceful liberation" of Taiwan. This maneuver appears to have the dual purpose

of underlining Chinese Communist professions of peaceful intentions and belittling magnitude and urgency of the problem Taiwan presents to Communist China.

To bridge the gap between the two objectives of cultivating Southeast Asian governments and maintaining Overseas Chinese interest in the mainland, Peiping relies mainly on Chinese cultural traditions. The Chinese Communists have maintained that while Overseas Chinese should respect local laws and customs, they have a right to enjoy and propagate Chinese culture.

Peiping's policy has been to encourage a revival of interest in mainland China, stressing the alleged continuity of Chinese civilization under the Communist regime to older, conservative Chinese, and the alleged vigor and adaptability of Chinese civilization under the Communist regime to the younger generation. Conditions are favorable throughout most of Southeast Asia for such propaganda. The disappearance of western colonial rule has left something of a cultural vacuum. Chinese Communism is presented as the answer to the problem of reconciling the values of traditional Asian culture with modern technology and western science. The doctrinaire aspects of Communist ideology are glossed over and Chinese Communism is alleged to be equal if not superior to western civilization in terms of potential strength. Such ideas are not propagated openly if serious danger exists of arousing the suspicions of nationalistic local officials, but are advanced when and where possible.

The Chinese Communists prominently display examples of their current technical accomplishments together with traditional Chinese art. The wide display of the Chinese Communist color film "Liang Shan-po and Chu Ying-t'ai" is a good example of Peiping's cultural penetration in Southeast Asia. The film is about a pair of lovers in Chinese feudal times and is ostensibly free of any political or social message other than the implied criticism of arranged marriages contained in the story. Aside from exhibiting the technical accomplishments of mainland China, films such as "Liang Shan-po and Chu Ying-t'ai" stimulate interest in China's past, strengthen the Communist regime's claim to be the guardian of Chinese traditions, and create an impression of affluence and peacefulness in mainland China.

To attract Overseas Chinese support the Peiping regime also relies heavily on the presence of relatives and other connections in mainland China. A whole series of preferential measures exempting relatives of Overseas Chinese living on the mainland from some of the more onerous consequences of Communist internal policies is in effect. Overseas Chinese also are invited to the mainland for conducted, expense-paid tours. Although impressions formed by such visitors of their native villages often reflect criticism of the Communist regime, the overall impression of Communist China's accomplishments usually are uncritical and frequently are enthusiastic. These guided tours typify the Chinese

Communist propaganda device of blending Chinese tradition with modern technology.

The Peiping regime has consistently encouraged Overseas Chinese to send remittances to their relatives on the mainland. The annual average of these remittances from 1951 to 1954 was approximately US$98,000,000. Although this amount is only seven or eight percent of the value of Chinese imports, it nevertheless is important to Communist China's economic system. For a while the appropriation of remittances by the Communist regime and the crude methods used to extort them threatened to reduce the flow. However these methods are now less common and Peiping apparently counts on the incentive of Overseas Chinese feelings of family responsibility to continue remittances.

The Chinese Communists also exploit the Overseas Chinese to promote trade. Although there is not much basis for large-scale trade between Communist China and most Southeast Asian countries at present, Peiping is laying the groundwork for future trade and economic influence. The existing demand among Overseas Chinese for consumer goods of mainland origin is being stimulated. The Overseas Chinese thus are both a target and a medium for Peiping's trade offensive.

Chinese Communist economic activity in Southeast Asia usually is thoroughly enmeshed with political objectives. The grandiose Chinese Communist exhibitions at trade fairs, exports of cereals even during disaster years in Chinese mainland agriculture, and other measures creating an unjustifiably favorable impression of general economic conditions in mainland China really are political rather than economic activity. Economic aid to neutralist countries is in the same category.

From its early days the Peiping regime has attempted to gain organizational control over chambers of commerce, regional or dialect associations, trade unions (mainly in Malaya where, in contrast to other areas, many Chinese are laborers) and other Overseas Chinese groups. Where it has been found impossible to overcome the resistance of pro-GRC Overseas Chinese, new rival organizations have been formed.

The Communists have also secured control over Chinese language and vernacular newspapers. It is only in areas where there is a very large concentration of Overseas Chinese and where the local governments are lax that Communist-controlled newspapers are put out in openly Communist, Peoples Daily-style editions. The typical Communist-controlled newspaper for Overseas Chinese consumption carries local and foreign news from non-Communist agencies, considerable paid advertising, and even salacious fiction and comic strips. Their aim seems to be to increase circulation and to introduce Communist propaganda gradually and indirectly to the readers. The most common editorial subjects are Peiping's friendship with the local

government, Asian-African solidarity, the aggressive character and subservience to western powers of SEATO, and the accomplishments of the Peiping regime.

Of all activity concerning the Overseas Chinese, greatest Chinese Communist interest has been shown in the younger generation and in the domination of schools. Acting through sympathizers in the school boards and supporters in the faculties and student bodies, the Chinese Communists have attempted to secure pro-Communist school administrations. Techniques have varied from school to school but usually include pressure on school board members, threats to faculty members, proselytization of students, and litigation over school properties. The Communists frequently have gained control over schools by adroit methods which have taken passively anti-Communist school boards and parents by surprise. The Communists also have taken advantage of the policy of many governments in Southeast Asia of allowing Chinese schools a free rein in determining curriculums and they have used their influence in schools to develop the same general propaganda lines discussed above. As pressure mounts in Southeast Asian countries to enforce curriculums which stress the local language and history and relegate Chinese to the status of optional foreign language study, Peiping will be forced to make a more clearcut choice between its diplomatic interests and those of the overseas Chinese.

Since 1951 the Chinese Communist regime has encouraged students to come to the mainland for further education. In some years the total number of students going to the mainland stood between 4,000 and 5,000. Most of the Southeast Asian governments have done nothing to check this exodus, regarding the departure of these students as riddance of potential trouble-makers and ardent admirers of an alien regime. In the last year or two the number of students who have gone to Communist China has dropped off slightly,perhaps because the education system on the mainland is under great stress owing to efforts to increase enrollments vastly and raise academic standards at the same time. Peiping probably does not want an increase of Overseas Chinese students of mediocre quality at present but definitely welcomes able students, particularly those who already have completed or partially completed middle school, of whom there currently is a great shortage in mainland China. Any student with technical qualifications or the potential of becoming an able technician is sought after. At the same time Peiping probably will slow down its efforts to recruit any Overseas Chinese students because of the extra burden this places on the educational system.

There is little evidence of the degree of variation, if any, in importance attached by Peiping to the Overseas Chinese in different countries. Communist efforts to attract Overseas Chinese sympathy appear to be governed substantially by opportunity. Thus in countries like the Philippines where there is strong official opposition to Communism, Peiping

has made less headway with the Overseas Chinese. The reverse is true in Indonesia. It is possible, however, that the Chinese Communists allow their diplomatic interests to influence the priority given to Overseas Chinese in different countries.

Appendix D

POLICIES OF THE GOVERNMENT OF THE REPUBLIC OF CHINA TOWARD THE OVERSEAS CHINESE

The Government of the Republic of China (GRC), since the confinement of its administrative power to Taiwan, Penghu and the ofishore islands, has regarded the Overseas Chinese largely as an existing or potential addition to the Chinese population available for continued struggle against the Chinese Communists. This emphasis has led GRC officials to give little attention or weight to the immediate problem confronting most Overseas Chinese of adjusting to the changing local political and social environment in their respective countries of residence.

The Chinese Nationalists have maintained consistently that all Overseas Chinese are Chinese citizens regardless of how long their families have resided outside China. Moreover, Kuomintang, as well as GRC officials, have worked for the establishment of Chinese language schools in Overseas Chinese communities, the use of the mandarin dialect, the propagation of the San Min Chu I (the official Kuomintang ideology), and other programs to strengthen Overseas Chinese identification with their national heritage.

The achievement of national independence by many Southeast Asian countries after World War II brought an end to the official policy of toleration (often favoritism) of the Overseas Chinese characteristic of many colonial governments and brought in its place official connivance and in many cases instigation of measures to weaken Overseas Chinese economic power and racial solidarity. This development began during the period of Chinese Nationalist defeats on the mainland. The GRC subsequently has been unable to defend the interests of the Overseas Chinese effectively, although it has continued to encourage their orientation toward China and to oppose nationalistic measures of the Southeast Asian governments in education and other matters of concern to the Overseas Chinese. A lack of cordiality between the GRC and the newly independent Southeast Asian governments, having its origin mainly in the Overseas Chinese issue, accordingly set in. This issue has been the main irritation in GRC relations with the Philippines, Thailand, and South Vietnam and also has adversely affected opinion in neutralist countries such as Indonesia and Burma.

When the Chinese Communists made an attempt to lessen frictions with Southeast Asian countries by offering to conclude treaties providing for a single citizenship for Overseas Chinese, the GRC did not alter its traditional position. GRC spokesmen at the time stated that Taipei favored symbiosis rather than assimilation as a solution to difficulties arising from dual citizenship. The Chinese Communist emphasis on "cultural loyalty" to China and the GRC symbiotic approach may, when stripped to naked realities, reflect a similar position on the proper relationship of Overseas

Chinese to their homeland. GRC propaganda, however, has not succeeded, as Chinese Communist propaganda in many areas has, in creating the impression in Southeast Asia that the GRC is as interested in friendly relations with the Southeast Asian countries as it is in the welfare of the Overseas Chinese.

In addition to these weaknesses in its overall approach, GRC activity among the Overseas Chinese has suffered from organizational weaknesses. Communist technical superiority over the Chinese Nationalists in clandestine activities and in propaganda appears to be uniform throughout Southeast Asia. Singapore, where overt Communist and Chinese Nationalist activities are both officially proscribed, but where the local authorities appear to tolerate some Nationalist activity, is a good example. Here there has been a steady growth of Communist influence among the Chinese.

The Communists have an advantage in greater and more shrewdly used material resources to finance their work. Moreover, nationalist supporters come largely from the conservative element of the Chinese community which consists mainly of those persons who cherish the traditional Chinese values, particularly the Chinese family structure. Placing family interests foremost and being slow to react to unfamiliar forms of Communist penetration, the conservatives are frequently outmaneuvered.

In countries which recognize the Peiping regime, the GRC has been at a considerable disadvantage in competing for the loyalty of the Overseas Chinese. In countries with which it has diplomatic relations, the GRC has sometimes been blamed by the Overseas Chinese for acts of the local government contrary to their interests. Thus, the inability of the National Government to prevent the enactment of the Philippine Retail Trade legislation and various discriminatory measures of the South Vietnam Government probably is regarded by many Overseas Chinese as a good gauge of Taiwan's diplomatic influence.

The Chinese Communist "co-existence" propaganda has undercut, to a considerable extent, the GRC's psychological warfare campaign based on the imminence of global war. GRC propaganda directed at Overseas Chinese has also suffered from its failure to take the local environment into account. The opinions of Overseas Chinese are influenced appreciably by prevailing political conditions and opinions of the majority in the countries where they live. This, of course, is particularly true of those Overseas Chinese who have achieved a greater degree of assimilation. The condemnation of the Asian-African Conference in GRC propaganda, for example, is not received sympathetically by most Overseas Chinese -- except those who already are strongly committed to the GRC -- because it widens the gulf between the GRC and local opinion.

In 1956 the GRC took certain steps to improve its work among the Overseas Chinese. Following tours of Southeast Asia by Foreign Minister George Yeh and Sampson Shen, Director of the Government Information Office, a Coordination Committee for Overseas Programs (COOP) was formed in which both Yeh and Shen have taken an active role. The purpose of this organization is to coordinate efforts to expand trade and cultural relations with Southeast Asia and to improve activities among the Overseas Chinese. The GRC has also relaxed to some extent entry requirements for Overseas Chinese students coming to Taiwan to study, and the number of such students was reported in 1956 to have reached 4,000. There has been some indication that Yeh and some others have seen the need for a revision of the GRC position on the crucial problem of assimilation. Public statements, by Yeh at Bangkok and by President Chiang Kai-shek to Malayan journalists, which urged citizens of Chinese ancestry to give full allegiance to their new country, may presage a basic shift in the GRC attitude toward the Overseas Chinese.